

**KENDALL COUNTY FOREST  
PRESERVE DISTRICT  
YORKVILLE, ILLINOIS  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED  
NOVEMBER 30, 2012**

*Prepared by:*

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**CERTIFIED PUBLIC ACCOUNTANTS**

# KENDALL COUNTY FOREST PRESERVE DISTRICT

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## **INDEPENDENT AUDITORS' REPORT**



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CERTIFIED PUBLIC ACCOUNTANTS

### Independent Auditors' Report

To the Board of Directors  
Kendall County Forest Preserve District  
Yorkville, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kendall County Forest Preserve District, Illinois, as of and for the year ended November 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Kendall County Forest Preserve District, Illinois Board of Commissioners. Our responsibility is to express opinions on these financial statements based on our audit.

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 provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Kendall County Forest Preserve District, Illinois as of November 30, 2012, and the respective changes in financial position 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 have also issued our report dated January 10, 2013, on our consideration of the Kendall County Forest Preserve District, Illinois' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 30 through 45, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Kendall County Forest Preserve, Illinois' financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Mack & Associates, P.C.*

Mack & Associates, P.C.  
Certified Public Accountants

Morris, Illinois  
January 10, 2013

**MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)**

# KENDALL COUNTY FOREST PRESERVE DISTRICT

## Management's Discussion and Analysis - Unaudited For the Year Ended November 30, 2012

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Our discussion and analysis of the Kendall County Forest Preserve District's financial performance provides an overview of the District's financial activities for the fiscal year ended November 30, 2012. Please read it in conjunction with the Kendall County Forest Preserve District's financial statements which begin on page 9.

### FINANCIAL HIGHLIGHTS

- The District's total revenues were less than total expenditures by \$2,349,433 for the year. The primary reason was the additional expenditures incurred to complete the Hoover Forest Preserve and Baker Woods Forest Preserve construction projects.
- The District's net assets increased \$401,308 to \$25,715,112 in 2012 from \$25,313,804 in 2011. This is an indicator that the District's financial position improved during the current fiscal year.
- The District's General Fund ended the year with a balance of \$133,452, Major Debt Service Funds balances totaled \$1,801,873, Major Capital Projects Funds balances totaled \$3,908,855, and the overall District ended the year with a balance of \$5,844,180.

### USING THIS ANNUAL REPORT

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the District's modified accrual basis of accounting.

#### Report Components

The report consists of five parts as follows:

**Government-wide Financial Statements:** The Statement of Net Assets and Statement of Activities provide information about the activities of the Forest Preserve's government-wide (or "as a whole") and present a longer-term view of the Forest Preserve's finances.

**Fund Financial Statements:** Fund financial statements focus on the individual parts of the District. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds ("major") funds. For *governmental activities*, the statements present how these services were financed in the short term as well as what remains for future spending.

**Notes to the Financial Statements:** The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Required Supplementary Information:** This Management's Discussion and Analysis, the General Fund and Major Governmental Fund Budgetary Comparison Schedule, and the IMRF schedule of funding progress represent financial information required by GASB to be presented. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes (referred to as "the basic financial statements").



## KENDALL COUNTY FOREST PRESERVE DISTRICT

### Management's Discussion and Analysis - Unaudited For the Year Ended November 30, 2012

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**Other Supplementary Information:** This part of the annual report includes optional financial information. This other supplemental financial information is provided to address certain specific needs of various users of the District's annual report.

#### Basis of Accounting

The District has elected to report information about the District using the modified accrual basis of accounting which is the generally accepted accounting basis. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues and expenses. Assets and liabilities are recorded when they are incurred.

#### Reporting the Kendall County Forest Preserve as a Whole

##### *The Forest Preserve District's Entity Presentation*

This annual report includes all activities for which the District is fiscally responsible. These activities are defined as the District's reporting entity.

#### **The Government-wide Statement of Net Assets and the Statement of Activities**

Our financial analysis of the District begins on page 9. The Statement of Net Assets and Statement of Activities report information about the Forest Preserve as a whole and about its activities in a way that helps determine if the District's overall financial position has improved or deteriorated as a result of the year's activities. These statements include all of the Forest Preserve's assets and liabilities resulting from the use of the modified accrual basis of accounting.

The Statement of Net Assets includes all of the District's net assets and how they have changed. The difference between the District's assets and liabilities are another way to measure the District's overall financial position. All of the current year's revenues and expenses are accounted for in the Statement of Activities.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating.
- To assess the overall financial condition of the District additional non-financial factors such as changes in the District's property tax base and the condition of buildings and other facilities should be considered.

In the Government-wide Financial Statements, the District activities are categorized as government activities. The District's basic services are included here, such as the preservation of county land and resources, and administration of the natural heritage of the county. Property taxes and grant revenues finance most of these activities. The District receives grants from both state and federal sources to help fund projects for continued growth and improvement to the District.

# KENDALL COUNTY FOREST PRESERVE DISTRICT

## Management's Discussion and Analysis - Unaudited For the Year Ended November 30, 2012

**The Fund Financial Statements** - The fund financial statements begin on page 30 and provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law and by bond covenants. The District can also establish other funds to control and manage monies for particular purposes or to show that it is properly using certain revenues.

**Governmental Funds** - The Forest Preserve's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the Forest Preserve's general government operations and basic services it provides. Governmental fund information helps determine (through a review of changes to fund balance) whether there are more or less financial resources that can be spent in the near future to finance the Forest Preserve's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

The District currently has no fiduciary funds. *Fiduciary funds* are often used to account for assets that are held in a trustee or fiduciary capacity such as pension plan assets, assets held per trust agreements, and similar arrangements.

### Capital Assets

At November 30, 2012, the Forest Preserve had \$68.6 million invested in capital assets, net of depreciation. This represents a net increase of \$2,473,741 over last year. See the notes to the financial statements for more detail.

#### Primary Government Capital Assets (Net of accumulated depreciation)

	2012	2011
Land	\$ 62,751,402	62,716,402
Improvements	2,648,086	2,718,517
Buildings and improvements	3,042,134	465,343
Furniture and equipment	124,310	191,929
Total	<u>\$ 68,565,932</u>	<u>66,092,191</u>

This year's most significant capital asset additions included:

Land	\$ 35,000
Improvements	\$ 119,303
Buildings	\$ 2,749,579

# KENDALL COUNTY FOREST PRESERVE DISTRICT

## Management's Discussion and Analysis - Unaudited For the Year Ended November 30, 2012

### Long-Term Debt

At November 30, 2012, the Forest Preserve had \$48,695,000 in long-term debt compared to \$48,972,000, at November 30, 2011. See the notes to the financial statements for more detail.

#### Primary Government Long-Term Debt

	2012	2011	Due in One Year
General Obligation Bonds - Series 2003	\$ 750,000	3,790,000	235,000
General Obligation Bonds - Series 2007	44,900,000	45,000,000	300,000
General Obligation Bonds - Series 2009	120,000	182,000	64,000
General Obligation Bonds - Series 2012	2,925,000	-	25,000
Total	\$ 48,695,000	48,972,000	624,000

### General Fund Budgetary Highlights

The Board of Commissioners approved the fiscal year 2012 budget and appropriations ordinance on November 28, 2011. The budget was amended and approved on November 29, 2012. For the year ended November 30, 2012, General Fund expenditures were \$924,939 and budgeted expenditures were \$929,986, resulting in the General Fund being under budget by \$5,047. The Bond & Interest Fund – Series 2003 was also over budget by \$2,948,411. This fund was over budget as a result of the refunding bonds issued during the current fiscal year. The Capital Projects Fund – Series 2007, Capital Projects Fund – Series 2009, and the Project Fund did not have an adopted budget for the year ended November 30, 2012.

### Economic Factors

The State of Illinois is behind on grant money due to the struggling economy.

### Contacting District's Financial Management

This report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Forest Preserve's finances and to demonstrate the Forest Preserve's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Jason Pettit, Forest Preserve Director, at 630-553-4131.

KENDALL COUNTY FOREST PRESERVE

Management's Discussion and Analysis - Unaudited  
For the Year Ended November 30, 2012

The District's combined net assets, resulting from modified accrual basis transactions, changed as follows.

	Governmental Activities		Total Percentage Change
	2012	2011	2011-2012
<u>Assets</u>			
Current and other assets	\$ 10,608,393	13,443,545	-21.09%
Capital Assets	68,565,932	66,092,191	3.74%
Total assets	<u>\$ 79,174,325</u>	<u>79,535,736</u>	<u>-0.45%</u>
<u>Liabilities</u>			
Current liabilities			
Accounts Payable	\$ 117,069	103,983	12.58%
Accrued Interest	980,221	1,014,998	-3.43%
Deferred Revenue	3,666,923	4,130,951	-11.23%
Due within one year	624,000	382,000	63.35%
Long-term debt outstanding	48,071,000	48,590,000	-1.07%
Total liabilities	<u>53,459,213</u>	<u>54,221,932</u>	<u>-1.41%</u>
<u>Net assets</u>			
Invested in capital assets, net of related debt	19,870,932	17,120,191	16.07%
Restricted	5,710,728	8,137,272	-29.82%
Unrestricted	133,452	56,341	136.86%
Total net assets	<u>\$ 25,715,112</u>	<u>25,313,804</u>	<u>1.59%</u>

KENDALL COUNTY FOREST PRESERVE

Management's Discussion and Analysis - Unaudited  
For the Year Ended November 30, 2012

Changes in Net Assets--Modified Accrual Basis

For the year ended November 30, 2012, net assets of the District  
(resulting from modified accrual basis transactions) changed as follows:

	Governmental Activities		Total Percentage Change
	2012	2011	2011-2012
Revenues			
Program revenues			
Fees and charges for services	\$ 49,835	44,642	11.63%
Operating grants and contributions	-	3,000	-100.00%
Capital grants	1,057,319	1,880,750	-43.78%
General revenues			
Taxes	3,514,607	3,300,434	6.49%
Investment income	7,181	6,312	13.77%
Donations	75	583,427	-99.99%
Project fund	273,665	221,151	23.75%
Bond refinancing	55,603	-	N/A
Miscellaneous	12,457	7,237	72.13%
Total Revenues	4,970,742	6,046,953	-17.80%
Expenses			
General government			
Cultural & Recreation	2,013,348	1,542,938	30.49%
Interest Expense	2,556,086	2,437,531	4.86%
Total Expenses	4,569,434	3,980,469	14.80%
Change in net assets	401,308	2,066,484	-80.58%
Beginning net assets	25,313,804	23,247,320	8.89%
Ending net assets	\$ 25,715,112	25,313,804	1.59%

## FINANCIAL STATEMENTS

## KENDALL COUNTY FOREST PRESERVE DISTRICT

Statement of Net Assets  
Government-wide Financial Statement  
November 30, 2012

	Primary Government	
	2012	2011
<u>Assets</u>		
Cash	\$ 6,291,470	9,309,584
Accounts Receivable	650,000	3,010
Taxes Receivable	3,666,923	4,130,951
Capital Assets		
Land	62,751,402	62,716,402
Improvements	3,913,980	3,794,677
Buildings	3,455,762	706,183
Equipment	474,861	474,861
Artifacts	30,280	30,280
Accumulated Depreciation	(2,060,353)	(1,630,212)
Total assets	<u>\$ 79,174,325</u>	<u>79,535,736</u>
<u>Liabilities</u>		
Current liabilities		
Accounts payable	\$ 117,069	103,983
Accrued interest	980,221	1,014,998
Deferred revenue	3,666,923	4,130,951
Due within one year	624,000	382,000
Long-Term liabilities		
Due in more than one year	<u>48,071,000</u>	<u>48,590,000</u>
Total liabilities	<u>53,459,213</u>	<u>54,221,932</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	19,870,932	17,120,191
Restricted for:		
Capital projects	3,908,855	6,582,193
Debt service	1,801,873	1,555,079
Unrestricted	<u>133,452</u>	<u>56,341</u>
Total net assets	<u>\$ 25,715,112</u>	<u>25,313,804</u>

The Notes to Financial Statements are an integral part of this statement.

## KENDALL COUNTY FOREST PRESERVE DISTRICT

Statement of Activities  
 Government-wide Financial Statement  
 For the Year Ended November 30, 2012

Program Activities	Expenses	Program Revenues			Net (Expenses) Revenue And Changes in Net Assets	
		Fees and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2012	2011
Governmental activities:						
Cultural & Recreation	\$ 2,013,348	49,835	-	1,057,319	(906,194)	385,454
Unallocated Interest expense	2,556,086	-	-	-	(2,556,086)	(2,437,531)
Total governmental activities	4,569,434	49,835	-	1,057,319	(3,462,280)	(2,052,077)
Total government	\$ 4,569,434	49,835	-	1,057,319	(3,462,280)	(2,052,077)
General revenues						
Taxes:						
					3,514,607	3,300,434
					7,181	6,312
					75	583,427
					273,665	221,151
					55,603	-
					12,457	7,237
				Total general revenues	3,863,588	4,118,561
				Change in net assets	401,308	2,066,484
				Net assets at beginning of year	25,313,804	23,247,320
				Net assets at end of year	\$ 25,715,112	25,313,804

The Notes to Financial Statements are an integral part of this statement.



Balance Sheet  
Governmental Funds  
November 30, 2012

	General Fund	Debt Service:			Capital Projects:			Total Governmental Funds	
		Bond and Interest Series 2007	Bond and Interest Series 2003	Bond and Interest Series 2009	Capital Projects Series 2007	Project Fund	Capital Projects Series 2009	2012	2011
<u>Assets</u>									
Cash	\$ 143,587	2,394,707	318,974	68,413	2,694,936	608,152	62,701	6,291,470	9,309,584
Accounts Receivable	-	-	-	-	650,000	-	-	650,000	3,010
Total Assets	<u>\$ 143,587</u>	<u>2,394,707</u>	<u>318,974</u>	<u>68,413</u>	<u>3,344,936</u>	<u>608,152</u>	<u>62,701</u>	<u>6,941,470</u>	<u>9,312,594</u>
<u>Liabilities and Fund Balances</u>									
Liabilities:									
Accounts payable	\$ 10,135	-	-	-	106,934	-	-	117,069	103,983
Accrued interest	-	951,302	27,344	1,575	-	-	-	980,221	1,014,998
Total liabilities	<u>10,135</u>	<u>951,302</u>	<u>27,344</u>	<u>1,575</u>	<u>106,934</u>	<u>-</u>	<u>-</u>	<u>1,097,290</u>	<u>1,118,981</u>
Fund Balances:									
Restricted for									
Debt service funds	-	1,443,405	291,630	66,838	-	-	-	1,801,873	1,555,079
Capital project funds	-	-	-	-	3,238,002	608,152	62,701	3,908,855	6,582,193
Unassigned, reported in General funds	<u>133,452</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,452</u>	<u>56,341</u>
Total Fund Balances	<u>133,452</u>	<u>1,443,405</u>	<u>291,630</u>	<u>66,838</u>	<u>3,238,002</u>	<u>608,152</u>	<u>62,701</u>	<u>5,844,180</u>	<u>8,193,613</u>
Total Liabilities and Fund Balances	<u>\$ 143,587</u>	<u>2,394,707</u>	<u>318,974</u>	<u>68,413</u>	<u>3,344,936</u>	<u>608,152</u>	<u>62,701</u>		

Reconciliation to Statement of Net Assets:

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

Capital assets used in governmental activities of \$70,626,285 (net of accumulated depreciation of \$2,060,353) are not financial resources and, therefore, are not reported in the funds.	68,565,932	66,092,191
Some liabilities, including capital debt obligations payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(48,695,000)</u>	<u>(48,972,000)</u>
Net assets of governmental activities	<u>25,715,112</u>	<u>25,313,804</u>

The Notes to Financial Statements are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balances-  
Governmental Funds  
For the Year Ended November 30, 2012

	General Fund	Debt Service:			Capital Projects			Total Governmental Funds	
		Bond and Interest Series 2007	Bond and Interest Series 2003	Bond and Interest Series 2009	Capital Projects Series 2007	Project Fund	Capital Projects Series 2009	2012	2011
<b>Revenues</b>									
Property Taxes	\$ 491,928	2,518,253	423,800	80,626	-	-	-	3,514,607	3,300,434
Grant income	-	-	-	-	1,057,319	-	-	1,057,319	1,883,750
Fees and charges for services	49,835	-	-	-	-	-	-	49,835	44,642
Investment income	69	1,456	141	1	5,449	-	65	7,181	6,312
Project fund	217,686	-	-	-	55,979	-	-	273,665	221,151
Donations	75	-	-	-	-	-	-	75	583,427
Miscellaneous	12,457	-	-	-	-	-	-	12,457	7,237
<b>Total Revenues</b>	<b>772,050</b>	<b>2,519,709</b>	<b>423,941</b>	<b>80,627</b>	<b>1,118,747</b>	<b>-</b>	<b>65</b>	<b>4,915,139</b>	<b>6,046,953</b>
<b>Expenditures</b>									
Current									
Cultural and Recreational	924,939	-	-	-	652,811	-	5,458	1,583,208	1,246,598
Capital outlay	-	-	-	-	2,903,881	-	-	2,903,881	902,987
Debt service									
Interest expense	-	2,283,479	267,886	4,721	-	-	-	2,556,086	2,437,531
Principal	-	100,000	3,040,000	62,000	-	-	-	3,202,000	265,000
<b>Total Expenditures</b>	<b>924,939</b>	<b>2,383,479</b>	<b>3,307,886</b>	<b>66,721</b>	<b>3,556,692</b>	<b>-</b>	<b>5,458</b>	<b>10,245,175</b>	<b>4,852,116</b>
Excess (deficiency) of revenues over expenditures	(152,889)	136,230	(2,883,945)	13,906	(2,437,945)	-	(5,393)	(5,330,036)	1,194,837
<b>Other Financing Sources (Uses):</b>									
Bond proceeds	-	-	2,925,000	-	-	-	-	2,925,000	-
Bond premium	-	-	138,108	-	-	-	-	138,108	-
Bond discount	-	-	(40,921)	-	-	-	-	(40,921)	-
Bond issuance costs	-	-	(41,584)	-	-	-	-	(41,584)	-
Transfers in	230,000	-	-	-	-	-	-	230,000	230,000
Transfers out	-	-	-	-	(230,000)	-	-	(230,000)	(230,000)
<b>Total Other Financing Sources (Uses)</b>	<b>230,000</b>	<b>-</b>	<b>2,980,603</b>	<b>-</b>	<b>(230,000)</b>	<b>-</b>	<b>-</b>	<b>2,980,603</b>	<b>-</b>
Net change in fund balances	77,111	136,230	96,658	13,906	(2,667,945)	-	(5,393)	(2,349,433)	1,194,837
Fund balances - beginning	56,341	1,307,175	194,972	52,932	5,905,947	608,152	68,094	8,193,613	6,998,776
Fund balances - ending	\$ 133,452	1,443,405	291,630	66,838	3,238,002	608,152	62,701	5,844,180	8,193,613

The Notes to Financial Statements are an integral part of this statement.

KENDALL COUNTY FOREST PRESERVE  
Statement of Revenues, Expenditures, and Changes in Fund Balances-  
Governmental Funds  
For the Year Ended November 30, 2012

STATEMENT D  
(CONTINUED)

Reconciliation to the Statement of Activities:

Net Change in Fund Balances - total governmental funds \$ (2,349,433)

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

Repayment of debt principal is an expenditure in the  
governmental funds, but the repayment reduces long-  
term liabilities in the Statement of Net Assets:

Capital debt obligation principal payments 3,202,000

Issuance of new capital debt obligations is recorded  
as capital debt proceeds in the governmental  
funds, but the proceeds create long-term liabilities in  
the Statement of Net Assets:

Capital debt proceeds (2,925,000)

Governmental funds report capital outlays as expenditures.  
However, in the Statement of Activities the cost of those  
assets is allocated over their estimated useful lives and  
reported as depreciation expense. The change in fund  
balance must be increased by capital purchases and decreased  
by depreciation expense.

Capital asset purchases (dispositions) 2,903,882

Depreciation, net of dispositions (430,141)

Change in net assets of governmental activities (Statement B) \$ 401,308

The Notes to Financial Statements are an integral part of this statement.

## NOTES TO FINANCIAL STATEMENTS

# KENDALL COUNTY FOREST PRESERVE DISTRICT

## Notes to Financial Statements For the Year Ended November 30, 2012

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are presented on a modified accrual basis of accounting. The accrual basis of accounting is the accounting basis generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the forest preserve financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the District's accounting policies are described below.

The District implemented GASB Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* which provides additional guidance for the implementation for GASB Statement No. 34, and GASB Statement No. 38, *Certain Financial Statement Disclosures* which changes note disclosure requirements for governmental entities.

#### *A. Financial Reporting Entity*

The Forest Preserve's financial reporting entity is composed of the following:

In determining the financial reporting entity, the Forest Preserve District complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*. The District is governed by a Board of Commissioners, which has exclusive responsibility and accountability for the decisions it makes. The District has the statutory authority to adopt its own budget, to levy taxes, and to issue bonded debt without the approval of another government. However, the Board of Commissioners of the District includes some of the same members as those of the Kendall County, Illinois Board and is therefore considered to be a component unit of Kendall County, Illinois.

#### *B. Basis of Presentation*

The District's basic financial statements consist of government-wide statements including a Statement of Net Assets and Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements: The Statement of Net Assets and Statement of Activities display information about the District as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, grants, and other revenues.

# KENDALL COUNTY FOREST PRESERVE DISTRICT

## Notes to Financial Statements For the Year Ended November 30, 2012

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *B. Basis of Presentation - (Continued)*

The Statement of Net Assets presents the financial condition of the governmental activities of the District at year end. The Statement of Activities presents a comparison between direct expenditures and program revenues for each program or function of the District's governmental activities. Direct expenditures are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenditures with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund financial statements: During the year, the District segregates transaction related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at a more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column.

#### *C. Fund Accounting*

The accounts of the District are organized on the basis of funds. The operations of each fund are summarized by providing a separate set of self-balancing accounts which includes its assets, liabilities, fund equity, revenues, and expenditures, or expenses as appropriate. The District maintains individual funds required by the State of Illinois. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

# KENDALL COUNTY FOREST PRESERVE DISTRICT

## Notes to Financial Statements For the Year Ended November 30, 2012

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *C. Fund Accounting (Continued)*

An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the Forest Preserve District or meets the following criteria:

- a. At least 10 percent of the corresponding total for all funds of total assets, liabilities, revenues, or expenditures of that individual governmental fund are at that category or type, and
- b. Total assets, liabilities, revenues, or expenditures of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

The funds of the financial reporting entity are described below:

#### Governmental Funds

##### General Fund

The General Fund is the primary operating fund of the Kendall County Forest Preserve District and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

##### Debt Service Funds

The Bond and Interest Funds are the debt service funds of the District. They are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The District has three debt service funds and all are reported as major funds:

- Bond and Interest Fund—Series 2009
- Bond and Interest Fund—Series 2007
- Bond and Interest Fund—Series 2003

##### Capital Project Funds

Capital project funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items. The District has three capital project funds. The reporting entity includes the following capital project funds that are reported as major funds:

- Capital Projects Fund - Series 2009
- Capital Projects Fund - Series 2007
- Project Fund

KENDALL COUNTY FOREST PRESERVE DISTRICT

Notes to Financial Statements  
For the Year Ended November 30, 2012

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*D. Measurement Focus and Basis of Accounting*

Measurement Focus

In the Government-wide Statement of Net Assets and the Statement of Activities, the governmental activities are presented using the economic resources measurement focus.

In the fund financial statements, the governmental activities are presented using the “current financial resources” measurement focus or the “economic resources” measurement focus.

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as a measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the Government-wide Statement of Net Assets and Statement of Activities and fund financial statements, the governmental activities are presented using a modified accrual basis of accounting, which is the generally accepted accounting basis (GAAP) used in the United States of America. This basis recognizes assets, liabilities, net assets/fund equity, revenues, and expenditures/expenses when they are realized with a provision for depreciation in the government-wide statements. Included are certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are recorded* in these financial statements. However, all of the funds are maintained during the year by the District on a cash basis. At the end of the year, the financial statements are converted to the modified accrual basis by journal entries.

Property tax revenues are recognized in accordance with the requirements of Interpretation 3 issued by the National Council on Governmental Accounting (NCGA) which requires that (a) taxes relating to the current budget and collected within 60 days after the end of the fiscal year be recognized as revenue currently; and (b) a property tax assessment made during the current year for the purpose of financing the budget of the following fiscal period be recorded as receivable and the related revenue deferred to the period for which it was levied.



KENDALL COUNTY FOREST PRESERVE DISTRICT

Notes to Financial Statements  
For the Year Ended November 30, 2012

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*D. Assets, Liabilities, and Fund Balance*

Investments

Investments classified in the financial statements consist entirely of certificates of deposit whose original maturity term exceeds three months. Investments are carried at cost, which approximates fair value.

Capital Assets

The District's modified accrual basis of accounting reports capital assets at cost and reports depreciation where appropriate.

Government-wide Financial Statements

In the Government-wide Financial Statements, capital assets are accounted for as assets in the Statement of Net Assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable.

Capital assets are capitalized at cost and updated for additions and retirements during the year. Donated capital assets are recorded at fair market value as of the date received. The District maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is computed using the straight-line method over the following useful lives:

Buildings	20 years
Improvements, other than buildings	20 years
Machinery, furniture, and equipment	5-7 years

Fund Financial Statements

In the fund financial statements, capital assets acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

KENDALL COUNTY FOREST PRESERVE DISTRICT

Notes to Financial Statements  
For the Year Ended November 30, 2012

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*D. Assets, Liabilities, and Fund Balance (Continued)*

Long-term Debt

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. In the fund financial statements, debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

Fund Balance Classification

Government-wide Financial Statements

Fund Balance is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net assets—Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and 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 definitions of “restricted” or “invested in capital assets, net of related debt.”

Fund Financial Statements

Governmental fund equity is classified as fund balance.

*E. Revenues and Expenditures*

Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the District’s taxpayers are reported as program revenues. The District has the following program revenues in each activity:

Culture and Recreation	Licenses, permits, rental income, recreation fees, and specific donations.
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All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

# KENDALL COUNTY FOREST PRESERVE DISTRICT

## Notes to Financial Statements For the Year Ended November 30, 2012

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### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *F. Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported period. Actual results could differ from those estimates.

#### *G. Budgets and Budgetary Accounting*

The District utilizes the estimated revenues and appropriation ordinance as a management control device. The 2012 budget and appropriation ordinance amounts were passed by the District Board on November 28, 2011 and were amended on November 29, 2012. The General Fund was under budget by \$5,047. The Bond & Interest Fund – Series 2003 was over budget by \$2,948,411 as a result of the refunding bonds issued. A budget was not adopted for the Capital Projects Funds- Series 2007, Capital Projects Funds- Series 2009, and the Project Fund. The 2013 budget and appropriation ordinance was passed by the District Board on November 29, 2012 and will be used in the subsequent fiscal year.

#### *H. Net Assets*

Net Assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of these assets. Net assets are reported as restricted when there are limitation imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

### NOTE 2: CASH AND INVESTMENTS

Permitted Deposits and Investments - Statutes authorize the government to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Public Treasurer's Investment Pool.

Custodial Credit Risk - is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's custodial credit risk policy is included in a formal written investment and cash management plan policy.

The District's deposits and certificates of deposits are required to be covered by federal depository insurance (FDIC) or by securities held by the pledging financial institution. The FDIC currently insures the first \$250,000 of the District's deposits at each financial institution. Effective December 31, 2010 through December 31, 2012, the FDIC will insure 100% of all non-interest bearing accounts. Deposit balances over \$250,000 are collateralized with securities held by the pledging financial institution.

KENDALL COUNTY FOREST PRESERVE DISTRICT

Notes to Financial Statements  
For the Year Ended November 30, 2012

**NOTE 2: CASH AND INVESTMENTS (CONTINUED)**

At November 30, 2012, the carrying amount of the District's deposits was \$6,291,470 and the bank balance was \$6,291,473. The deposits are categorized in accordance with credit risk factors created by governmental reporting standards as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Category #1	\$ -	-
Category #2	5,791,470	5,791,473
Category #3	<u>500,000</u>	<u>500,000</u>
Total	<u>\$ 6,291,470</u>	<u>6,291,473</u>

Category #1 Uncollateralized;

Category #2 Collateralized with securities held by the pledging financial institution;

Category #3 Collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name.

**NOTE 3: FUND BALANCE - GASB 54 IMPLEMENTATION**

According to Government Auditing Standards, fund balances are to be classified into five major classifications: Non-spendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. The District's fund balance is categorized as shown below:

<u>Restricted for Debt Service:</u>	
Bond and Interest Fund - Series 2003	\$ 291,630
Bond and Interest Fund - Series 2007	1,443,405
Bond and Interest Fund - Series 2009	<u>66,838</u>
Total Fund Balance Restricted for Debt Service	<u>\$ 1,801,873</u>
<u>Restricted for Capital Projects:</u>	
Capital Projects Fund - Series 2007	\$ 3,238,002
Capital Projects Fund - Series 2009	62,701
Project Revenue Fund	<u>608,152</u>
Total Fund Balance Restricted for Capital Projects	<u>\$ 3,908,855</u>
<u>Unassigned Fund Balance:</u>	
Forest Preserve General Fund	<u>\$ 133,452</u>
Total Fund Balance as of November 30, 2012	<u>\$ 5,844,180</u>

KENDALL COUNTY FOREST PRESERVE DISTRICT

Notes to Financial Statements  
For the Year Ended November 30, 2012

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**NOTE 4:      EXPENDITURES EXCEEDED APPROPRIATIONS**

During the current fiscal year, a budget was not adopted for the Capital Projects Fund – Series 2007, Capital Projects Fund – Series 2009, and the Project Fund. The Bond and Interest Fund – Series 2003 was over budget by \$2,948,411 during the current fiscal year.

**NOTE 5:      LEGAL DEBT MARGIN**

Legal debt margin is the percent of the District’s assessed valuation which is subject to debt limitation. The statutory debt limitation for the District is 2.3%. The District’s legal debt margin limitation is as follows for the fiscal year ended November 30, 2012:

Assessed valuation (2011)	<u>\$ 2,917,287,004</u>
Statutory debt limitation (2.3%)	\$ 67,097,601
Amount of debt applicable to debt limitation	<u>48,695,000</u>
Legal Debt Margin	<u>\$ 18,402,601</u>

**NOTE 6:      PROPERTY TAXES**

Property taxes are levied and attach as an enforceable lien on property on January 1 and are payable in two installments on June 1 and September 1 subsequent to the year of levy. The 2011 property tax levy ordinance was adopted on November 28, 2011. The amount of the 2011 tax levy was \$3,514,076, of which \$3,514,607 was received in the current fiscal year. The 2012 tax levy was adopted November 20<sup>th</sup>, 2012 in the amount of \$3,666,923 will be received in subsequent tax year. A significant amount of these taxes are received in June and September.

Under current procedures, the County Treasurer distributes all property taxes received to the District including amounts paid by the taxpayers that have filed tax objections in the circuit that such taxes are illegal and excessive. Any tax objections that are sustained in the subsequent legal proceedings are deducted from the future property tax distributions that are due to the District.

KENDALL COUNTY FOREST PRESERVE DISTRICT

Notes to Financial Statements  
For the Year Ended November 30, 2012

NOTE 7: CAPITAL ASSETS

During the fiscal year the District compiled records relating to general capital assets. A summary of changes in capital assets follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-depreciable assets				
Land	\$62,716,402	35,000	-	62,751,402
Total non-depreciable assets	62,716,402	35,000	-	62,751,402
Depreciable assets				
Improvements	3,794,677	119,303	-	3,913,980
Buildings	706,183	2,749,579	-	3,455,762
Equipment	474,861	-	-	474,861
Artifacts and antiques	30,280	-	-	30,280
Total depreciable assets	5,006,001	2,868,882	-	7,874,883
Accumulated depreciation				
Improvements	1,076,160	189,734	-	1,265,894
Buildings	240,839	172,788	-	413,627
Equipment	282,933	67,619	-	350,552
Artifacts and antiques	30,280	-	-	30,280
Total accumulated depreciation	1,630,212	430,141	-	2,060,353
Net capital assets	<u>\$66,092,191</u>	<u>2,473,741</u>	<u>-</u>	<u>68,565,932</u>

All current year depreciation is allocated to cultural and recreation expenditures.

The capital additions include the completion of the Hoover Forest Preserve Lodge, along with improvements to both the Hoover Forest Preserve and Baker Woods Forest Preserve.

# KENDALL COUNTY FOREST PRESERVE DISTRICT

## Notes to Financial Statements For the Year Ended November 30, 2012

### NOTE 8: LONG-TERM DEBT

The following is a summary of general long-term debt transactions of the District for the year ended November 30, 2012.

	Payable at December 1, 2011	Debt Issued	Bonds Retired/Refunded	Payable at November 30, 2012	Due Within One Year
General Obligation					
Series 2003	3,790,000	-	3,040,000	750,000	235,000
Series 2007	45,000,000	-	100,000	44,900,000	300,000
Series 2009	182,000	-	62,000	120,000	64,000
Series 2012	-	2,925,000	-	2,925,000	25,000
Total	<u>\$ 48,972,000</u>	<u>2,925,000</u>	<u>3,202,000</u>	<u>48,695,000</u>	<u>624,000</u>

#### A. *Bond Series 2003*

The Board of Commissioners of the Kendall County Forest Preserve District authorized issuance of \$5,000,000 in General Obligation Limited Tax Bonds, Series 2003, dated May 21, 2003 with a variable interest rate (2-4.1%). The revenue received from the sale of these bonds will be used for financing acquisition costs of land located in the Fox River.

On October 4, 2012, the Board of Commissioners of the Kendall County Forest Preserve District authorized issuance of \$2,925,000 in General Obligation Refunding Bonds, Series 2012 with a variable interest rate (2-3%). Of the bond proceeds, \$2,820,000 was used to refund the General Obligation, Series 2003 bonds.

After the refunding, the remaining General Obligation, Series 2003 bonds shall mature as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
01/01/13	\$235,000	12,453	247,453
07/01/13	-	8,693	8,693
01/01/14	250,000	8,692	258,692
07/01/14	-	4,505	4,505
01/01/15	265,000	4,505	269,505
	<u>\$750,000</u>	<u>38,848</u>	<u>788,848</u>

KENDALL COUNTY FOREST PRESERVE DISTRICT

Notes to Financial Statements  
For the Year Ended November 30, 2012

NOTE 8: LONG-TERM DEBT (CONTINUED)

*B. Bond Series 2012 Refunding*

The bonds shall mature each year as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
2013	\$ 25,000	62,235	87,235
2014	15,000	83,600	98,600
2015	15,000	83,300	98,300
2016	295,000	80,200	375,200
2017	315,000	72,525	387,525
2018	330,000	62,850	392,850
2019	345,000	52,725	397,725
2020	365,000	42,075	407,075
2021	385,000	30,825	415,825
2022	405,000	18,975	423,975
2023	430,000	6,450	436,450
	<u>\$ 2,925,000</u>	<u>595,760</u>	<u>3,520,760</u>

*C. Bond Series 2007*

The Board of Commissioners of the Kendall County Forest Preserve District authorized issuance of \$45,000,000 in General Obligation Limited Tax Bonds, Series 2007, dated July 15, 2007 with a variable interest rate (4.25-5.25%). The revenue received from the sale of these bonds will be used to acquire and develop land.

The bonds shall mature each year as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
2013	\$ 300,000	2,283,125	2,583,125
2014	500,000	2,270,375	2,770,375
2015	1,000,000	2,249,125	3,249,125
2016	1,500,000	2,204,125	3,704,125
2017	1,700,000	2,136,625	3,836,625
2018	2,100,000	2,060,125	4,160,125
2019	2,500,000	1,955,125	4,455,125
2020	2,750,000	1,830,125	4,580,125
2021	3,000,000	1,692,625	4,692,625
2022	3,500,000	1,542,625	5,042,625
2023	4,000,000	1,367,625	5,367,625
2024	5,000,000	1,157,625	6,157,625
2025	5,100,000	895,125	5,995,125
2026	5,600,000	627,375	6,227,375
2027	6,350,000	333,375	6,683,375
	<u>\$ 44,900,000</u>	<u>24,605,125</u>	<u>69,505,125</u>



KENDALL COUNTY FOREST PRESERVE DISTRICT

Notes to Financial Statements  
For the Year Ended November 30, 2012

NOTE 8: LONG-TERM DEBT (CONTINUED)

*D. Bond Series 2009*

The Board of Commissioners of the Kendall County Forest Preserve District authorized issuance of \$300,000 in General Obligation Limited Tax Bonds, Series 2009, dated January 20, 2009 with an interest rate of 3.5%. The revenue received from the sale of these bonds will be used to acquire and develop land. The bonds shall mature each year as follows:

Date	Principal	Interest	Payments
1/15/2013	\$ 64,000	2,100	66,100
7/15/2013	-	980	980
1/15/2014	56,000	980	56,980
	<u>\$ 120,000</u>	<u>4,060</u>	<u>124,060</u>

NOTE 9: EMPLOYEE PENSIONS AND OTHER BENEFITS

*A. Illinois Municipal Retirement Fund*

*Plan Description:* The Kendall County Forest Preserve District is included in the County's defined benefit pension plan for Regular employees which provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The County plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained online at [www.imrf.org](http://www.imrf.org).

*Funding Policy:* As set by statute, the County Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The County annual required contribution rate for calendar year 2011 was 11.25 percent. The County also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

KENDALL COUNTY FOREST PRESERVE DISTRICT

Notes to Financial Statements  
For the Year Ended November 30, 2012

**NOTE 9: EMPLOYEE PENSIONS AND OTHER BENEFITS (CONTINUED)**

*A. Illinois Municipal Retirement Fund (Continued)*

*Annual Pension Cost:* The required contribution for calendar year 2011 was \$1,091,920.

Actuarial Valuation Date	TREND INFORMATION		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
	12/31/11	\$1,091,920	100%
12/31/10	1,085,975	100	0
12/31/09	874,696	100	0

The required contribution for 2011 was determined as part of the December 31, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually.

The actuarial value of your employer Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period with a 20% corridor between the actuarial and market value of assets. The County Regular plan's unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 30 year basis.

*Funded Status and Funding Progress:* As of December 31, 2011, the most recent actuarial valuation date, the Regular plan was 73.24 percent funded. The actuarial accrued liability for benefits was \$21,700,440 and the actuarial value of assets was \$15,892,765, resulting in an underfunded actuarial accrued liability (UAAL) of \$5,807,675. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$9,705,954 and the ratio of the UAAL to the covered payroll was 60 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

*B. Accumulated Unpaid Vacations and Other Employee Benefits*

Accumulated unpaid vacation and other employee benefits are not accrued in governmental funds. As of November 30, 2012, there were no accumulated unused vacation and other employee benefits.

# KENDALL COUNTY FOREST PRESERVE DISTRICT

## Notes to Financial Statements For the Year Ended November 30, 2012

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### NOTE 10: TRANSFERS

The District transferred \$230,000 to the General Fund from the Capital Project Series 2007 Fund. The transfer was made to assist in covering Forest Preserve operation costs.

### NOTE 11: RISK MANAGEMENT

The District's risk management activities are part of Kendall County's insurance contract. The County administers the property and casualty, liability, worker's compensation, and unemployment insurance programs of the District. The District is allocated a portion of the insurance premium as determined by the insurance carrier, which is then remitted to Kendall County.

For all major programs, significant losses are covered by Illinois Counties Risk Management Trust (a local government risk pool) under a year-by-year contract (12/1 –12/1). There are three broad categories of coverage:

- Legal Liability
- Worker's Compensation
- Property and Boiler and Machinery

For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

### NOTE 12: FARM LICENSE AGREEMENTS

The District issues licenses for the purpose of farming unused land owned by the District. The licensee is responsible for maintaining the soil according to the methods adopted in the farming plan approved by the Kendall County Soil & Water Conservation District. The District receives rent payments based upon annual agreements approved by the District board. The revenue is based upon the number of tillable acres used for farming and the amount per tillable acre signed in each individual agreement. During the current fiscal year, the District received \$118,079 in farm license revenue, a decrease of \$6,210 from the \$124,289 received in the prior fiscal year.

### NOTE 13: GRANT REVENUE

The District received the following grant awards during the current fiscal year as a reimbursement for Forest Preserve projects completed:

1. The District received \$400,000 from the State of Illinois Comptroller as part of the Open Space Lands Acquisition & Development Grant. The District completed improvements to the Hoover Forest Preserve and was awarded the \$400,000 as reimbursement per the grant agreement.
2. The District received \$7,319 from the State of Illinois, Comptroller as grant reimbursement for the pre-approved project completed to the Baker Woods Equestrian Trails. The reimbursement received was for the Architectural and engineering fees.

# KENDALL COUNTY FOREST PRESERVE DISTRICT

## Notes to Financial Statements For the Year Ended November 30, 2012

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### NOTE 14: CONTINGENCIES

#### Grant Program Involvement

In the normal course of operations, the Forest Preserves participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability of reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

### NOTE 15: DONATIONS

During the 2011 fiscal year, the District received a donation in the amount of \$583,152 from the trust of John & Mary Subat to be used for a nature preserve building at Subat Forest Preserve. The donation will be kept in a dedicated fund until the time is right for the District to build as requested.

### NOTE 16: SUBSEQUENT EVENTS

The Forest Preserve has been awarded grants which will be completed in subsequent fiscal years. The grant funds are received as reimbursement once the projects are completed. The Forest Preserve currently has been awarded the following grants:

Recreational Trails Program Grant	\$200,000
DCEO Capital Improvement Grant	\$650,000

- The DCEO Capital Improvement Grant was completed during the 2012 fiscal year. As a result, this grant was recorded as accounts receivable and was received by the District in December of 2012.

**REQUIRED SUPPLEMENTARY INFORMATION**

KENDALL COUNTY FOREST PRESERVE DISTRICT  
GENERAL FUND

SCHEDULE A-1

Balance Sheet  
November 30, 2012

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Assets

Cash in bank	\$ 143,587
Total assets	<u>\$ 143,587</u>

Liabilities and Fund Balance

Liabilities:	
Accounts payable	\$ 10,135
Total liabilities	10,135
Fund Balance:	
Unassigned fund balance	<u>133,452</u>
Total fund balance	<u>133,452</u>
Total liabilities and fund balance	<u>\$ 143,587</u>

KENDALL COUNTY FOREST PRESERVE DISTRICT  
GENERAL FUND

SCHEDULE A-2

Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget & Actual  
For the Year Ended November 30, 2012  
(With Comparative Figures for 2011)

	Budget & Appropriations		Year Ended November 30,	
	Original	Final	2012	2011
Revenues:				
Property taxes	\$ 491,686	491,686	491,928	484,035
Interest income	100	50	69	25
Grant income	12,000	-	-	3,000
Program fees	29,000	41,700	43,504	38,203
Courthouse rental	-	-	-	310
Reservations	7,000	6,000	6,331	6,129
Donations	-	-	75	275
Farm license revenue	110,000	118,100	118,079	124,289
Hoover revenue	25,000	30,400	34,977	20,752
Ellis Center revenue	50,000	62,000	64,630	45,938
Other income	-	-	12,457	1,264
Total revenue	724,786	749,936	772,050	724,220
Expenditures:				
Salaries	460,881	475,631	469,066	406,431
IMRF/SS	92,810	86,200	86,597	88,370
Equipment and building - maintenance and repairs	11,000	8,250	7,514	7,989
Gas for heating	2,400	2,400	2,419	2,670
Electricity	2,000	2,800	2,746	1,985
Insurance	51,780	51,780	51,780	51,000
Telephone	7,800	6,500	6,717	7,318
Office supplies & postage	4,500	11,400	11,158	6,413
Fuel	16,000	20,300	21,508	15,722
Dues & subscriptions	1,100	1,300	1,305	1,526
Audit	3,950	3,950	3,950	3,250
Refuse removal	6,000	6,600	6,611	6,792
Contingency	1,000	500	500	19,935
Contractual services	-	-	-	17
Environmental education	21,000	28,450	31,009	31,777
Supplies - shop	5,500	4,700	4,662	5,154
Uniforms	950	1,750	1,807	951
Natural area management supplies	3,000	3,700	4,486	1,481

KENDALL COUNTY FOREST PRESERVE DISTRICT  
GENERAL FUND

SCHEDULE A-2  
(CONTINUED)

Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget & Actual  
For the Year Ended November 30, 2012  
(With Comparative Figures for 2011)

	Budget & Appropriations		Year Ended November 30,	
	Original	Final	2012	2011
Expenditures: (Cont.)				
Medical insurance reimbursements	38,000	57,000	57,293	45,096
Medical insurance reimbursements- Ellis	12,000	19,200	19,226	11,219
Contractual recorder	850	250	201	376
Volunteer expenses	4,000	3,650	3,417	3,841
NHC - Salaries	35,000	35,000	35,505	67,509
NHC expenses	400	-	-	357
NHC contingency	400	-	-	90
Conferences	1,450	1,850	1,452	2,755
Legal publications	150	50	51	44
Promotion and publicity	950	550	537	2,206
Newsletter	5,350	6,150	7,514	4,413
John Phillips Memorial	-	-	-	2,279
Preserve improvements	4,200	2,400	2,371	2,506
Hoover Utilities and Maintenance	32,000	36,300	37,007	38,196
Ellis Utilities and Maintenance	31,000	24,375	23,779	38,489
Memberships- Ellis	150	400	382	125
Supplies- Ellis	16,950	18,900	14,491	22,103
Uniforms- Ellis	800	400	397	861
Veterinarian & farrier- Ellis	3,000	3,700	3,683	1,707
Volunteer expenses- Ellis	1,100	550	555	899
Horse Acquisition & Track- Ellis	750	-	-	-
Other- Ellis	1,300	1,400	1,408	929
Credit card fee	1,500	1,650	1,835	1,204
Salaries - Grant	-	-	-	1,373
Unused grant funds	-	-	-	1,627
Historic courthouse	-	-	-	62
Total expenditures	<u>882,971</u>	<u>929,986</u>	<u>924,939</u>	<u>909,047</u>
Excess of revenues over (under) expenditures	(158,185)	(180,050)	(152,889)	(184,827)
Other financing sources (uses)				
Transfer (to) from	<u>230,000</u>	<u>230,000</u>	<u>230,000</u>	<u>230,000</u>
Total other financing sources (uses)	<u>230,000</u>	<u>230,000</u>	<u>230,000</u>	<u>230,000</u>
Net Change in Fund Balance	<u>\$ 71,815</u>	<u>49,950</u>	77,111	45,173
Fund balance, beginning of year			<u>56,341</u>	<u>11,168</u>
Fund balance, end of year			<u>133,452</u>	<u>56,341</u>



KENDALL COUNTY FOREST PRESERVE DISTRICT  
 BOND AND INTEREST FUND - SERIES 2007

Balance Sheet  
 November 30, 2012

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<u>Assets</u>	
Cash in bank	\$ 2,394,707
Total assets	<u>\$ 2,394,707</u>
 <u>Liabilities and Fund Balance</u>	
Liabilities	
Accrued Interest	<u>\$ 951,302</u>
Total liabilities	951,302
Restricted fund balance	<u>1,443,405</u>
Total liabilities and fund balance	<u>\$ 2,394,707</u>

KENDALL COUNTY FOREST PRESERVE DISTRICT  
BOND AND INTEREST FUND - SERIES 2007

Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget & Actual  
For the Year Ended November 30, 2012  
(With Comparative Figures for 2011)

	Budget & Appropriations		Year Ended November 30,	
	Original	Final	2012	2011
Revenues:				
Property Tax	\$ 3,200,000	3,200,000	2,518,253	2,450,267
Interest income	-	-	1,456	1,131
Total revenue	<u>3,200,000</u>	<u>3,200,000</u>	<u>2,519,709</u>	<u>2,451,398</u>
Expenditures:				
Interest	2,285,250	2,285,250	2,283,479	2,287,375
Principal	100,000	100,000	100,000	-
Total expenditures	<u>2,385,250</u>	<u>2,385,250</u>	<u>2,383,479</u>	<u>2,287,375</u>
Excess of revenues over (under) expenditures	<u>\$ 814,750</u>	<u>814,750</u>	136,230	164,023
Fund balance, beginning of year			<u>1,307,175</u>	<u>1,143,152</u>
Fund balance, end of year			<u>1,443,405</u>	<u>1,307,175</u>

KENDALL COUNTY FOREST PRESERVE DISTRICT  
BOND AND INTEREST FUND - SERIES 2003

SCHEDULE B-3

Balance Sheet  
November 30, 2012

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	<u>Assets</u>	
Cash in bank		\$ 318,974
		<hr/>
Total assets		\$ 318,974
		<hr/> <hr/>
	<u>Liabilities and Fund Balance</u>	
Liabilities		
Accrued interest - 2003		\$ 10,377
Accrued interest - 2012		16,967
		<hr/>
Total liabilities		27,344
Fund balance		
Restricted for debt service		291,630
		<hr/>
Total liabilities and fund balance		\$ 318,974
		<hr/> <hr/>

KENDALL COUNTY FOREST PRESERVE DISTRICT  
BOND AND INTEREST FUND - SERIES 2003

Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget & Actual  
For the Year Ended November 30, 2012  
(With Comparative Figures for 2011)

	Budget & Appropriations		Year Ended November 30,	
	Original	Final	2012	2011
Revenues:				
Property taxes	\$ 371,065	371,065	423,800	309,804
Interest income	-	-	141	96
Total revenue	371,065	371,065	423,941	309,900
Expenditures:				
Debt service - principal - series 2003	223,060	223,060	3,040,000	205,000
Debt service - interest - series 2003	136,415	136,415	250,919	143,398
Debt service - interest - series 2012	-	-	16,967	-
Total expenditures	359,475	359,475	3,307,886	348,398
Excess of revenues over (under) expenditures	\$ 11,590	11,590	(2,883,945)	(38,498)
Other financing sources (uses):				
Bond proceeds			2,925,000	-
Bond premium			138,108	-
Bond discount			(40,921)	-
Bond issuance costs			(41,584)	-
Total other financing sources (uses)			2,980,603	-
Net change in fund balance			96,658	(38,498)
Fund balance, beginning of year			194,972	233,470
Fund balance, end of year			291,630	194,972

KENDALL COUNTY FOREST PRESERVE DISTRICT  
BOND & INTEREST FUND - SERIES 2009

SCHEDULE B-5

Balance Sheet  
November 30, 2012

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<u>Assets</u>	
Cash in bank	\$ 68,413
Total assets	<u>\$ 68,413</u>
 <u>Liabilities and Fund Balance</u>	
Liabilities:	
Accrued interest	<u>\$ 1,575</u>
Total liabilities	1,575
Fund Balance:	
Restricted for debt service	<u>66,838</u>
Total liabilities and fund balance	<u>\$ 68,413</u>

KENDALL COUNTY FOREST PRESERVE DISTRICT  
 BOND & INTEREST FUND - SERIES 2009

SCHEDULE B-6

Statement of Revenues, Expenditures and  
 Changes in Fund Balance - Budget & Actual  
 For the Year Ended November 30, 2012  
 (With Comparative Figures for 2011)

	Budget & Appropriations		Year Ended November 30,	
	Original	Final	2012	2011
Revenues:				
Property tax	\$ 68,200	68,200	80,626	56,328
Interest income	-	-	1	2
Total revenue	<u>68,200</u>	<u>68,200</u>	<u>80,627</u>	<u>56,330</u>
Expenditures:				
Fees	-	-	250	125
Debt Service - Interest	5,285	5,285	4,471	6,633
Debt Service - Principal	<u>62,000</u>	<u>62,000</u>	<u>62,000</u>	<u>60,000</u>
Total expenditures	<u>67,285</u>	<u>67,285</u>	<u>66,721</u>	<u>66,758</u>
Excess of revenues over (under) expenditures	<u>\$ 915</u>	<u>915</u>	13,906	(10,428)
Fund balance, beginning of year			<u>52,932</u>	<u>63,360</u>
Fund balance, end of year			<u>66,838</u>	<u>52,932</u>

KENDALL COUNTY FOREST PRESERVE DISTRICT  
 CAPITAL PROJECTS FUND - SERIES 2007

Balance Sheet  
 November 30, 2012

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<u>Assets</u>	
Cash in bank	\$ 2,694,936
Accounts receivable	<u>650,000</u>
Total assets	<u>\$ 3,344,936</u>
 <u>Liabilities and Fund Balance</u>	
Liabilities	
Accounts payable	<u>\$ 106,934</u>
Total liabilities	106,934
Restricted fund balance	<u>3,238,002</u>
Total liabilities and fund balance	<u>\$ 3,344,936</u>

KENDALL COUNTY FOREST PRESERVE DISTRICT  
CAPITAL PROJECTS FUND - SERIES 2007

Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget & Actual  
For the Year Ended November 30, 2012  
(With Comparative Figures for 2011)

	Budget & Appropriations		Year Ended November 30,	
	Original	Final	2012	2011
Revenues:				
Project fund revenue	\$ -	-	1,113,298	1,910,922
Interest income	-	-	5,449	4,949
Total revenue	-	-	1,118,747	1,915,871
Expenditures:				
Salaries	-	-	-	3,562
Land acquisition	-	-	35,000	-
Capital outlay	-	-	2,868,881	802,450
Project fund expense	-	-	652,811	326,613
Total expenditures	-	-	3,556,692	1,132,625
Excess of revenues over (under) expenditures	-	-	(2,437,945)	783,246
Other financing sources (uses)				
Transfer in (out)	-	-	(230,000)	(230,000)
Total other financing sources (uses)	-	-	(230,000)	(230,000)
Net change in fund balance	\$ -	-	(2,667,945)	553,246
Fund balance, beginning of year			5,905,947	5,352,701
Fund balance, end of year			3,238,002	5,905,947



KENDALL COUNTY FOREST PRESERVE DISTRICT  
PROJECT FUND

SCHEDULE C-3

Balance Sheet  
November 30, 2012

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Assets

Cash in bank	\$ 608,152
Total assets	<u>\$ 608,152</u>

Fund Balance

Restricted fund balance	\$ 608,152
Total fund balance	<u>\$ 608,152</u>

KENDALL COUNTY FOREST PRESERVE DISTRICT  
PROJECT FUND

SCHEDULE C-4

Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget & Actual  
For the Year Ended November 30, 2012  
(With Comparative Figures for 2011)

	Budget & Appropriations		Year Ended November 30,	
	Original	Final	2012	2011
Revenues:				
Receipts	\$ -	-	-	583,152
Interest income	-	-	-	-
Total revenue	-	-	-	583,152
Expenditures	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over (under) expenditures	-	-	-	583,152
Other financing sources (uses)				
Transfer in (out)	-	-	-	-
Total other financing sources (uses)	\$ -	-	-	-
Fund balance, beginning of year			608,152	25,000
Fund balance, end of year			608,152	608,152

KENDALL COUNTY FOREST PRESERVE DISTRICT  
CAPITAL PROJECTS FUND - SERIES 2009

SCHEDULE C-5

Balance Sheet  
November 30, 2012

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Assets

Cash in bank	\$	<u>62,701</u>
Total assets	\$	<u><u>62,701</u></u>

Fund Balance

Fund Balance:		
Restricted for capital projects	\$	<u>62,701</u>
Total liabilities and fund balance	\$	<u><u>62,701</u></u>

KENDALL COUNTY FOREST PRESERVE DISTRICT  
 CAPITAL PROJECTS FUND - SERIES 2009

SCHEDULE C-6

Statement of Revenues, Expenditures and  
 Changes in Fund Balance - Budget & Actual  
 For the Year Ended November 30, 2012  
 (With Comparative Figures for 2011)

	Budget & Appropriations		Year Ended November 30,	
	Original	Final	2012	2011
Revenues:				
Insurance reimbursement	\$ -	-	-	5,973
Interest income	-	-	65	109
Total revenue	-	-	65	6,082
Expenditures:				
Project fund expenses	-	-	5,458	107,913
Total expenditures	-	-	5,458	107,913
Excess of revenues over (under) expenditures	\$ -	-	(5,393)	(101,831)
Fund balance, beginning of year			68,094	169,925
Fund balance, end of year			62,701	68,094

## KENDALL COUNTY FOREST PRESERVE

Schedule of Funding Progress  
Illinois Municipal Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ration (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ( (b-a)/c))
12/31/2011	\$ 15,892,765	21,700,440	5,807,675	73.24%	9,705,954	59.84%
12/31/2010	14,669,573	20,202,219	5,532,646	72.61%	9,881,486	55.99%
12/31/2009	14,657,959	19,880,318	5,222,359	73.73%	9,622,618	54.27%
12/31/2008	13,960,740	18,180,460	4,219,720	76.79%	8,951,676	47.14%
12/31/2007	15,000,035	16,048,726	1,048,691	93.47%	8,312,265	12.62%
12/31/2006	13,288,021	14,613,167	1,325,146	90.93%	7,474,569	17.73%
12/31/2005	11,980,541	12,904,896	924,355	92.84%	6,699,197	13.80%
12/31/2004	11,252,734	12,594,920	1,342,186	89.34%	6,469,086	20.75%
12/31/2003	10,352,748	11,129,363	776,615	93.02%	5,804,593	13.38%
12/31/2002	9,818,254	9,986,416	168,162	98.32%	5,301,753	3.17%

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$15,113,189.

On a market basis, the funded ratio would be 69.64%.

**OTHER SUPPLEMENTAL INFORMATION**

KENDALL COUNTY FOREST PRESERVE DISTRICT  
 Assessed Valuations, Tax Rates, Tax Extensions,  
 and Tax Collections

SCHEDULE 1

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Assessed valuations	<u>\$ 3,044,564,911</u>	<u>3,277,539,459</u>	<u>3,365,125,621</u>	<u>3,172,454,510</u>	<u>2,917,287,004</u>
Tax rates:					
General	0.0136	0.0140	0.0139	0.0153	0.0169
Bond and interest	<u>0.1156</u>	<u>0.0826</u>	<u>0.0805</u>	<u>0.0889</u>	<u>0.1036</u>
Totals	<u>0.1292</u>	<u>0.0966</u>	<u>0.0944</u>	<u>0.1041</u>	<u>0.1205</u>
Tax extensions:					
General	414,061	458,855	466,406	484,434	491,855
Bond and interest	<u>3,519,517</u>	<u>2,707,248</u>	<u>2,709,936</u>	<u>2,818,726</u>	<u>3,022,601</u>
Totals	<u>3,933,578</u>	<u>3,166,103</u>	<u>3,176,342</u>	<u>3,303,160</u>	<u>3,514,456</u>
Tax collections	<u>\$ 3,921,426</u>	<u>3,158,055</u>	<u>3,169,457</u>	<u>3,300,434</u>	<u>3,514,607</u>



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CERTIFIED PUBLIC ACCOUNTANTS

Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed In Accordance with *Government Auditing Standards*

To the Board of Directors  
Kendall County Forest Preserve District  
Yorkville, Illinois

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kendall County Forest Preserve District, Illinois as of and for the year ended November 30, 2012, which collectively comprise the Kendall County Forest Preserve District, Illinois' basic financial statements and have issued our report thereon dated January 10, 2013. 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Kendall County Forest Preserve District, Illinois' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Kendall County Forest Preserve, Illinois' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Kendall County Forest Preserve District, Illinois' internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kendall County Forest Preserve District, Illinois' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Kendall County Forest Preserve District, Illinois, in a separate letter dated January 10, 2013.

This report is intended solely for the information and use of management, the Board, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

*Mack & Associates, P.C.*

Mack & Associates, P.C.  
Certified Public Accountants

Morris, Illinois  
January 10, 2013