

**KENDALL COUNTY  
FOREST PRESERVE DISTRICT  
YORKVILLE, ILLINOIS  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED  
NOVEMBER 30, 2013**

*Prepared by:*

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**CERTIFIED PUBLIC ACCOUNTANTS**

# KENDALL COUNTY FOREST PRESERVE DISTRICT

## Table of Contents

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	PAGE
INDEPENDENT AUDITORS' REPORT .....	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED).....	3-8
FINANCIAL STATEMENTS	
Government-wide Financial Statement Statement of Net Position (Statement A) .....	9
Government-wide Financial Statement Statement of Activities (Statement B).....	.10
Balance Sheet – Governmental Funds (Statement C) .....	.11
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Statement D).....	12-13
NOTES TO FINANCIAL STATEMENTS.....	14-30
REQUIRED SUPPLEMENTARY INFORMATION	
General Fund:	
Balance Sheet (Schedule A-1) .....	31
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget & Actual (Schedule A-2).....	32-33
Bond and Interest Fund – Series 2007:	
Balance Sheet (Schedule B-1).....	34
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget & Actual (Schedule B-2) .....	35
Bond and Interest Fund – Series 2003:	
Balance Sheet (Schedule B-3).....	36
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget & Actual (Schedule B-4) .....	37

**KENDALL COUNTY FOREST PRESERVE DISTRICT**

**Table of Contents**

---

Bond and Interest Fund – Series 2009:

    Balance Sheet (Schedule B-5)..... 38

    Statement of Revenues, Expenditures, and  
    Changes in Fund Balance – Budget & Actual (Schedule B-6)..... 39

Capital Projects Fund – Series 2007:

    Balance Sheet (Schedule C-1)..... 40

    Statement of Revenues, Expenditures, and  
    Changes in Fund Balance – Budget & Actual (Schedule C-2) ..... 41

Project Fund:

    Balance Sheet (Schedule C-3)..... 42

    Statement of Revenues, Expenditures, and  
    Changes in Fund Balance – Budget & Actual (Schedule C-4)..... 43

Capital Projects Fund – Series 2009:

    Balance Sheet (Schedule C-5)..... 44

    Statement of Revenues, Expenditures, and  
    Changes in Fund Balance – Budget & Actual (Schedule C-6) ..... 45

    Schedule of Funding Progress (Schedule D) ..... 46

OTHER SUPPLEMENTAL INFORMATION:

    Assessed Valuations, Tax Rates, Tax Extension  
    and Tax Collections (Schedule 1) ..... 47

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* ..... 48-49

**INDEPENDENT AUDITORS' REPORT**



CERTIFIED PUBLIC ACCOUNTANTS

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### Independent Auditors' Report

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

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Kendall County Forest Preserve District, Illinois, as of and for the year ended November 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

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 from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***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 the Kendall County Forest Preserve District, as of November 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and IMRF Schedule of Funding Progress on pages 3–8, 32–45, and 46 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.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Kendall County Forest Preserve District, Illinois' basic financial statements. The statistical section on page 47, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The statistical section has 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.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 2, 2014, on our consideration of the Kendall County Forest Preserve District, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Kendall County Forest Preserve District, Illinois' internal control over financial reporting and compliance.

*Mack & Associates, P.C.*

Mack & Associates, P.C.  
Certified Public Accountants

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

# KENDALL COUNTY FOREST PRESERVE DISTRICT

## Management's Discussion and Analysis - Unaudited For the Year Ended November 30, 2013

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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, 2013. 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 \$43,660 for the year. The primary reason was the additional expenditures incurred to complete the Baker Woods Forest Preserve construction projects.
- The District's net position increased \$520,082 to \$26,235,194 in 2013 from \$25,715,112 in 2012. 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 \$23,807, Major Debt Service Funds balances totaled \$2,265,973, Major Capital Projects Funds balances totaled \$3,510,740, and the overall District ended the year with a balance of \$5,800,520.

### 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 Position 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.

**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, 2013

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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 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 Position and the Statement of Activities**

Our financial analysis of the District begins on page 9. The Statement of Net Position 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 Position 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, 2013

**The Fund Financial Statements** - The fund financial statements begin on page 31 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 Position 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, 2013, the Forest Preserve had \$68,505,674 invested in capital assets, net of depreciation. This represents a net decrease of \$60,258 from last year. See the notes to the financial statements for more detail.

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

	2013	2012
Land	\$ 62,751,402	62,751,402
Improvements	2,795,001	2,648,086
Buildings and improvements	2,869,346	3,042,134
Furniture and equipment	89,925	124,310
Total	<u>\$ 68,505,674</u>	<u>68,565,932</u>

# KENDALL COUNTY FOREST PRESERVE DISTRICT

## Management's Discussion and Analysis - Unaudited For the Year Ended November 30, 2013

### Long-Term Debt

At November 30, 2013, the Forest Preserve had \$48,071,000 in long-term debt compared to \$48,695,000, at November 30, 2012. See the notes to the financial statements for more detail.

#### Primary Government Long-Term Debt

	2013	2012	Due in One Year
General Obligation Bonds - Series 2003	\$ 515,000	750,000	250,000
General Obligation Bonds - Series 2007	44,600,000	44,900,000	500,000
General Obligation Bonds - Series 2009	56,000	120,000	56,000
General Obligation Bonds - Series 2012	2,900,000	2,925,000	15,000
Total	<u>\$ 48,071,000</u>	<u>48,695,000</u>	<u>821,000</u>

### General Fund Budgetary Highlights

The Board approved the fiscal year 2013 budget and appropriations ordinance on November 20, 2012. The budget was amended and approved on November 26, 2013. For the year ended November 30, 2013, General Fund expenditures were \$1,031,665 and budgeted expenditures were \$1,022,689, resulting in the General Fund being over budget by \$8,976. The Bond & Interest Fund – Series 2007 and 2003 were also over budget by \$95,108 and \$15,772, respectively. 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, 2013.

### 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 DISTRICT

Management's Discussion and Analysis - Unaudited  
For the Year Ended November 30, 2013

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

	Governmental Activities		Total Percentage Change
	2013	2012	2012-2013
<u>Assets</u>			
Current and other assets	\$ 10,945,283	10,608,393	3.18%
Capital Assets	68,505,674	68,565,932	-0.09%
<b>Total assets</b>	<b>\$ 79,450,957</b>	<b>79,174,325</b>	<b>0.35%</b>
<u>Liabilities</u>			
Current liabilities			
Accounts Payable	\$ 12,745	117,069	-89.11%
Accrued Interest	988,865	980,221	0.88%
Deferred Revenue	4,143,153	3,666,923	12.99%
Due within one year	821,000	624,000	31.57%
Long-term debt outstanding	47,250,000	48,071,000	-1.71%
<b>Total liabilities</b>	<b>53,215,763</b>	<b>53,459,213</b>	<b>-0.46%</b>
<u>Net position</u>			
Invested in capital assets, net of related debt	20,434,674	19,870,932	2.84%
Restricted	5,776,713	5,710,728	1.16%
Unrestricted	23,807	133,452	-82.16%
<b>Total net position</b>	<b>\$ 26,235,194</b>	<b>25,715,112</b>	<b>2.02%</b>

KENDALL COUNTY FOREST PRESERVE DISTRICT

Management's Discussion and Analysis - Unaudited  
For the Year Ended November 30, 2013

Changes in Net Assets--Modified Accrual Basis

For the year ended November 30, 2013, net assets of the District (resulting from modified accrual basis transactions) changed as follows:

	Governmental Activities		Total Percentage Change
	2013	2012	2012-2013
Revenues			
Program revenues			
Fees and charges for services	\$ 62,177	49,835	24.77%
Capital grants	192,681	1,057,319	-81.78%
General revenues			
Taxes	3,965,132	3,514,607	12.82%
Investment income	4,814	7,181	-32.96%
Donations	285	75	280.00%
Project fund	252,010	273,665	-7.91%
Bond refinancing	-	55,603	-100.00%
Miscellaneous	62,125	12,457	398.72%
Total Revenues	4,539,224	4,970,742	-8.68%
Expenses			
General government			
Cultural & Recreation	1,645,638	2,013,348	-18.26%
Interest Expense	2,373,504	2,556,086	-7.14%
Total Expenses	4,019,142	4,569,434	-12.04%
Change in net assets	520,082	401,308	29.60%
Beginning net assets	25,715,112	25,313,804	1.59%
Ending net assets	\$ 26,235,194	25,715,112	2.02%

## **FINANCIAL STATEMENTS**

## KENDALL COUNTY FOREST PRESERVE DISTRICT

Statement of Net Position  
Government-wide Financial Statement  
November 30, 2013

	Primary Government	
	2013	2012
<u>Assets</u>		
Cash	\$ 6,792,173	6,291,470
Accounts Receivable	-	650,000
Taxes Receivable	4,153,110	3,666,923
Capital Assets		
Land	62,751,402	62,751,402
Improvements	4,274,626	3,913,980
Buildings	3,455,762	3,455,762
Equipment	443,036	474,861
Artifacts	30,280	30,280
Accumulated Depreciation	(2,449,432)	(2,060,353)
<b>Total assets</b>	<b>\$ 79,450,957</b>	<b>79,174,325</b>
<u>Liabilities</u>		
Current liabilities		
Accounts payable	\$ 12,745	117,069
Accrued interest	988,865	980,221
Deferred revenue	4,143,153	3,666,923
Due within one year	821,000	624,000
Long-Term liabilities		
Due in more than one year	47,250,000	48,071,000
<b>Total liabilities</b>	<b>53,215,763</b>	<b>53,459,213</b>
<u>Net Position</u>		
Invested in capital assets, net of related debt	20,434,674	19,870,932
Restricted for:		
Capital projects	3,510,740	3,908,855
Debt service	2,265,973	1,801,873
Unrestricted	23,807	133,452
<b>Total net position</b>	<b>\$ 26,235,194</b>	<b>25,715,112</b>

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

**STATEMENT B**

**KENDALL COUNTY FOREST PRESERVE DISTRICT**

**Statement of Activities  
Government-wide Financial Statement  
For the Year Ended November 30, 2013**

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	2013	2012
Governmental activities:						
Cultural & Recreation	\$ 1,645,638	62,177	-	192,681	(1,390,780)	(906,194)
Unallocated Interest expense	2,373,504	-	-	-	(2,373,504)	(2,556,086)
Total governmental activities	4,019,142	62,177	-	192,681	(3,764,284)	(3,462,280)
Total government	\$ 4,019,142	62,177	-	192,681	(3,764,284)	(3,462,280)
General revenues						
Taxes:						
Property taxes						
					3,965,132	3,514,607
Interest on investments						
					4,814	7,181
Donations						
					285	75
Project fund						
					252,010	273,665
Bond refinancing						
					-	55,603
Miscellaneous						
					62,125	12,457
Total general revenues					4,284,366	3,863,588
Change in net assets					520,082	401,308
Net position at beginning of year					25,715,112	25,313,804
Net position at end of year					\$ 26,235,194	25,715,112

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



KENDALL COUNTY FOREST PRESERVE DISTRICT

STATEMENT C

Balance Sheet  
Governmental Funds  
November 30, 2013

	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	2013	2012
<u>Assets</u>									
Cash	\$ 29,647	2,563,397	624,240	58,512	2,856,659	608,402	51,316	6,792,173	6,291,470
Accounts Receivable	-	-	-	-	-	-	-	-	650,000
Property Taxes Receivable	1,268	6,909	1,635	145	-	-	-	9,957	-
<b>Total Assets</b>	<b>\$ 30,915</b>	<b>2,570,306</b>	<b>625,875</b>	<b>58,657</b>	<b>2,856,659</b>	<b>608,402</b>	<b>51,316</b>	<b>6,802,130</b>	<b>6,941,470</b>
<u>Liabilities and Fund Balances</u>									
Liabilities:									
Accounts payable	\$ 7,108	-	-	-	5,637	-	-	12,745	117,069
Accrued interest	-	945,990	42,140	735	-	-	-	988,865	980,221
<b>Total liabilities</b>	<b>7,108</b>	<b>945,990</b>	<b>42,140</b>	<b>735</b>	<b>5,637</b>	<b>-</b>	<b>-</b>	<b>1,001,610</b>	<b>1,097,290</b>
Fund Balances:									
Restricted for									
Debt service funds	-	1,624,316	583,735	57,922	-	-	-	2,265,973	1,801,873
Capital project funds	-	-	-	-	2,851,022	608,402	51,316	3,510,740	3,908,855
Unassigned, reported in General funds	23,807	-	-	-	-	-	-	23,807	133,452
<b>Total Fund Balances</b>	<b>23,807</b>	<b>1,624,316</b>	<b>583,735</b>	<b>57,922</b>	<b>2,851,022</b>	<b>608,402</b>	<b>51,316</b>	<b>5,800,520</b>	<b>5,844,180</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 30,915</b>	<b>2,570,306</b>	<b>625,875</b>	<b>58,657</b>	<b>2,856,659</b>	<b>608,402</b>	<b>51,316</b>		

Reconciliation to Statement of Net Position:

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

Capital assets used in governmental activities of \$70,955,106 (net of accumulated depreciation of \$2,449,432) are not financial resources and, therefore, are not reported in the funds.

68,505,674 68,565,932

Some liabilities, including capital debt obligations payable, are not due and payable in the current period and, therefore, are not reported in the funds.

(48,071,000) (48,695,000)

Net position of governmental activities

26,235,194 25,715,112

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

KENDALL COUNTY FOREST PRESERVE DISTRICT

STATEMENT D

Statement of Revenues, Expenditures, and Changes in Fund Balances-  
Governmental Funds  
For the Year Ended November 30, 2013

	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	2013	2012
<u>Revenues</u>									
Property Taxes	\$ 505,189	2,751,346	651,023	57,574	-	-	-	3,965,132	3,514,607
Grant income	-	-	-	-	192,681	-	-	192,681	1,057,319
Fees and charges for services	62,177	-	-	-	-	-	-	62,177	49,835
Investment income	50	1,423	238	-	3,049	-	54	4,814	7,181
Project fund	250,210	-	-	-	1,800	-	-	252,010	273,665
Donations	35	-	-	-	-	250	-	285	75
Miscellaneous	17,274	-	-	-	44,851	-	-	62,125	12,457
Total Revenues	\$34,935	2,752,769	651,261	57,574	242,381	250	54	4,539,224	4,915,139
<u>Expenditures</u>									
Current									
Cultural and Recreational	1,031,665	-	-	-	181,630	-	11,439	1,224,734	1,583,208
Capital outlay	-	-	-	-	360,646	-	-	360,646	2,903,881
Debt service									
Interest expense	-	2,271,858	99,156	2,490	-	-	-	2,373,504	2,556,086
Principal	-	300,000	260,000	64,000	-	-	-	624,000	3,202,000
Total Expenditures	1,031,665	2,571,858	359,156	66,490	542,276	-	11,439	4,582,884	10,245,175
Excess (deficiency) of revenues over expenditures	(196,730)	180,911	292,105	(8,916)	(299,895)	250	(11,385)	(43,660)	(5,330,036)
Other Financing Sources (Uses):									
Bond proceeds	-	-	-	-	-	-	-	-	2,925,000
Bond premium	-	-	-	-	-	-	-	-	138,108
Bond discount	-	-	-	-	-	-	-	-	(40,921)
Bond issuance costs	-	-	-	-	-	-	-	-	(41,584)
Transfers in	87,085	-	-	-	-	-	-	87,085	230,000
Transfers out	-	-	-	-	(87,085)	-	-	(87,085)	(230,000)
Total Other Financing Sources (Uses)	87,085	-	-	-	(87,085)	-	-	-	2,980,603
Net change in fund balances	(109,645)	180,911	292,105	(8,916)	(386,980)	250	(11,385)	(43,660)	(2,349,433)
Fund balances - beginning	133,452	1,443,405	291,630	66,838	3,238,002	608,152	62,701	5,844,180	8,193,613
Fund balances - ending	\$ 23,807	1,624,316	583,735	57,922	2,851,022	608,402	51,316	5,800,520	5,844,180

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

**KENDALL COUNTY FOREST PRESERVE DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances-**  
**Governmental Funds**  
**For the Year Ended November 30, 2013**

**STATEMENT D**  
**(CONTINUED)**

**Reconciliation to the Statement of Activities:**

Net Change in Fund Balances - total governmental funds \$ (43,660)

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 Position:

Capital debt obligation principal payments 624,000

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 Position:

Capital debt proceeds -

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) 389,769  
 Depreciation, net of dispositions (450,027)

Change in net position of governmental activities (Statement B) \$ 520,082

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, 2013

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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 District's 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 Position 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 Position 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, 2013

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

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

The Statement of Net Position 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, 2013

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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 2003/2012

##### 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, 2013

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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 Position 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 Position 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 position/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, 2013

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*E. 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 Position. 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 Position. 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, 2013

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

#### *E. 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 position 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 position—Consists of net position 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 position—All other net position that does 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.

#### *F. 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.

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, 2013

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

#### *G. 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.

#### *H. Budgets and Budgetary Accounting*

The District utilizes the estimated revenues and appropriation ordinance as a management control device. The 2013 budget and appropriation ordinance amounts were passed by the District Board on November 20, 2012 and were amended on November 26, 2013. The General Fund was over budget by \$8,976. The Bond & Interest Funds – Series 2007 & 2003 were over budget by \$95,108 and \$15,772, respectively. A budget was not adopted for the Capital Projects Funds- Series 2007, Capital Projects Funds- Series 2009, and the Project Fund. The 2014 budget and appropriation ordinance was passed by the District Board on November 26, 2013 and will be used in the subsequent fiscal year.

#### *I. Net Position*

Net Position represents the difference between assets and liabilities. Net position 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 position is 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. 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, 2013**

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

At November 30, 2013, the carrying amount of the District's deposits was \$6,792,173 and the bank balance was \$6,792,173. 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	6,292,173	6,292,173
Category #3	500,000	500,000
Total	<u>\$ 6,792,173</u>	<u>6,792,173</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:

**A. Non-spendable Fund Balance**

The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts.

**B. Restricted Fund Balance**

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Things such as restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Debt Service Funds are by definition restricted for these specified purposes. The District has several different funds that also fall into these categories.

**KENDALL COUNTY FOREST PRESERVE DISTRICT**

**Notes to Financial Statements  
For the Year Ended November 30, 2013**

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**NOTE 3: FUND BALANCE - GASB 54 IMPLEMENTATION (CONTINUED)**

C. Committed Fund Balance

The committed fund balance classification refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (the District Board). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.

The District Board commits fund balance by making motions or passing resolutions to adopt policy or to approve contracts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

D. Assigned Fund Balance

The assigned fund balance classification refers to amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by (a) the District Board itself or (b) the finance committee or by the Treasurer/Administrator when the District Board has delegated the authority to assign amounts to be used for specific purposes.

E. Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for amounts in the General Fund for amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund.

**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 General Fund, Bond and Interest Funds – Series 2007 & 2003 were over budget by \$8,976, \$95,108 and \$15,772, respectively, during the current fiscal year.

**KENDALL COUNTY FOREST PRESERVE DISTRICT**

**Notes to Financial Statements  
For the Year Ended November 30, 2013**

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**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, 2013:

Assessed valuation (2012)	<u>\$ 2,670,163,229</u>
Statutory debt limitation (2.3%)	\$ 61,413,754
Amount of debt applicable to debt limitation	<u>48,071,000</u>
Legal Debt Margin	<u>\$ 13,342,754</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 2012 property tax levy ordinance was adopted on November 20, 2012. The amount of the 2012 tax levy was \$3,992,268, of which \$3,955,175 was received in the current fiscal year and \$9,957 will be received in the subsequent fiscal year. The 2013 tax levy was adopted December 2, 2013 in the amount of \$4,143,153 and will be received in subsequent fiscal year. A significant amount of these taxes are received in July 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, 2013**

**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	\$62,751,402	-	-	62,751,402
Total non-depreciable assets	62,751,402	-	-	62,751,402
Depreciable assets				
Improvements	3,913,980	360,646	-	4,274,626
Buildings	3,455,762	-	-	3,455,762
Equipment	474,861	29,123	60,948	443,036
Artifacts and antiques	30,280	-	-	30,280
Total depreciable assets	7,874,883	389,769	60,948	8,203,704
Accumulated depreciation				
Improvements	1,265,894	213,731	-	1,479,625
Buildings	413,627	172,789	-	586,416
Equipment	350,552	63,427	60,868	353,111
Artifacts and antiques	30,280	-	-	30,280
Total accumulated depreciation	2,060,353	449,947	60,868	2,449,432
Net capital assets	<u>\$68,565,932</u>	<u>(60,178)</u>	<u>80</u>	<u>68,505,674</u>

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

The capital additions include the completion of the improvements at Baker Woods Forest Preserve, the purchase of a Kubota RTV, a hot water boiler, and an air conditioner.

KENDALL COUNTY FOREST PRESERVE DISTRICT

Notes to Financial Statements  
For the Year Ended November 30, 2013

**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, 2013.

	<u>Payable at December 1, 2012</u>	<u>Debt Issued</u>	<u>Bonds Retired/Refunded</u>	<u>Payable at November 30, 2013</u>	<u>Due Within One Year</u>
General Obligation					
Series 2003	\$ 750,000	-	235,000	515,000	250,000
Series 2007	44,900,000	-	300,000	44,600,000	500,000
Series 2009	120,000	-	64,000	56,000	56,000
Series 2012	2,925,000	-	25,000	2,900,000	15,000
Total	<u>\$ 48,695,000</u>	<u>-</u>	<u>624,000</u>	<u>48,071,000</u>	<u>821,000</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, and dated May 21, 2003 with a variable interest rate (2-4.1%). The revenue received from the sale of these bonds was 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 a portion of 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>
01/01/14	\$ 250,000	8,692	258,692
07/01/14	-	4,505	4,505
01/01/15	265,000	4,505	269,505
	<u>\$ 515,000</u>	<u>17,702</u>	<u>532,702</u>



KENDALL COUNTY FOREST PRESERVE DISTRICT

Notes to Financial Statements  
For the Year Ended November 30, 2013

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>
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>\$ 2,900,000</u>	<u>533,525</u>	<u>3,433,525</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, and dated July 15, 2007 with a variable interest rate (4.25-5.25%). The revenue received from the sale of these bonds was 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>
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>\$ 44,600,000</u>	<u>22,322,000</u>	<u>66,922,000</u>

KENDALL COUNTY FOREST PRESERVE DISTRICT

Notes to Financial Statements  
For the Year Ended November 30, 2013

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**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, and dated January 20, 2009 with an interest rate of 3.5%. The revenue received from the sale of these bonds was 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>
1/15/2014	\$ 56,000	980	56,980
	<u>\$ 56,000</u>	<u>980</u>	<u>56,980</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 2012 was 11.42 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, 2013

NOTE 9: EMPLOYEE PENSIONS AND OTHER BENEFITS (CONTINUED)

A. *Illinois Municipal Retirement Fund (Continued)*

*Annual Pension Cost:* The required contribution for calendar year 2012 was \$1,121,659.

TREND INFORMATION			
Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/12	\$1,121,659	100%	\$0
12/31/11	1,091,920	100	0
12/31/10	1,085,975	100	0

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, 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, 2010 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, 2012, the most recent actuarial valuation date, the Regular plan was 73.29 percent funded. The actuarial accrued liability for benefits was \$22,401,001 and the actuarial value of assets was \$16,418,030, resulting in an underfunded actuarial accrued liability (UAAL) of \$5,982,971. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$9,821,879 and the ratio of the UAAL to the covered payroll was 61 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.

**KENDALL COUNTY FOREST PRESERVE DISTRICT**

**Notes to Financial Statements  
For the Year Ended November 30, 2013**

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**NOTE 10: TRANSFERS**

The District transferred \$87,805 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 \$128,266 in farm license revenue, an increase of \$10,187 from the \$118,079 received in the prior fiscal year.

**NOTE 13: LEASE AGREEMENT**

The District has a one year lease agreement with Blue Peak Tents for the rent of a white century tent and accessories. The tent will be used for six months at the Ellis House, primarily for wedding receptions. The District has elected to pay the lease over a 12 month period at \$1,450/month beginning in the 2014 fiscal year, resulting in a \$17,400 lease obligation.

**KENDALL COUNTY FOREST PRESERVE DISTRICT**

**Notes to Financial Statements  
For the Year Ended November 30, 2013**

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**NOTE 14: GRANT REVENUE**

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

The District received \$192,681 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.

**NOTE 15: CONTINGENCIES**

Grant Program Involvement

In the normal course of operations, the Forest Preserve 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 16: 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 17: SUBSEQUENT EVENTS**

1. 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
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2. During the 2013 fiscal year, the District's Board approved the trade of 1.6 acres of land at the Subat Forest Preserve for 1.9 acres of land adjacent to Hoover Forest Preserve. The transaction was still pending as of November 30, 2013 and will be completed in the subsequent fiscal year.

**REQUIRED SUPPLEMENTARY INFORMATION**

KENDALL COUNTY FOREST PRESERVE DISTRICT  
GENERAL FUND

SCHEDULE A-1

Balance Sheet  
November 30, 2013

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<u>Assets</u>	
Cash in bank	\$ 29,647
Property taxes receivable	<u>1,268</u>
Total assets	<u>\$ 30,915</u>
 <u>Liabilities and Fund Balance</u> 	
Liabilities	
Accounts payable	<u>\$ 7,108</u>
Total liabilities	7,108
Fund Balance	
Unassigned fund balance	<u>23,807</u>
Total fund balance	<u>23,807</u>
Total liabilities and fund balance	<u>\$ 30,915</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, 2013  
(With Comparative Figures for 2012)

	Budget & Appropriations		Year Ended November 30,	
	Original	Final	2013	2012
<b>Revenues:</b>				
Property taxes	\$ 508,548	508,548	505,189	491,928
Interest income	100	45	50	69
Grant income	12,000	12,085	-	-
Program fees	45,000	53,000	53,102	43,504
Reservations	7,000	9,430	9,075	6,331
Donations	-	35	35	75
Farm license revenue	195,000	195,000	128,266	118,079
Hoover revenue	52,000	38,000	38,115	34,977
Ellis Center revenue	75,000	86,100	83,829	64,630
Security deposits	2,500	12,600	13,650	-
Other income	-	3,620	3,624	12,457
<b>Total revenue</b>	<b>897,148</b>	<b>918,463</b>	<b>834,935</b>	<b>772,050</b>
<b>Expenditures:</b>				
Salaries	492,779	520,589	520,659	469,066
IMRF/SS	84,000	88,900	94,813	86,597
Equipment and building - maintenance and repairs	11,000	4,400	4,770	7,514
Gas for heating	2,400	2,300	2,428	2,419
Electricity	3,000	1,800	3,034	2,746
Insurance	59,300	44,300	44,312	51,780
Telephone	7,000	10,900	11,717	6,717
Office supplies & postage	16,000	13,900	14,139	11,158
Fuel	20,000	21,600	22,124	21,508
Dues & subscriptions	1,300	1,600	1,842	1,305
Audit	3,650	3,650	3,650	3,950
Refuse removal	6,000	6,800	6,846	6,611
Contingency	1,000	-	-	500
Environmental education	25,000	35,000	32,627	31,009
Supplies - shop	5,500	3,700	3,712	4,662
Uniforms	1,500	1,850	1,942	1,807
Natural area management supplies	8,000	1,800	1,081	4,486



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, 2013  
(With Comparative Figures for 2012)

	Budget & Appropriations		Year Ended November 30,	
	Original	Final	2013	2012
Expenditures: (Cont.)				
Medical insurance reimbursements	58,575	55,900	55,943	57,293
Medical insurance reimbursements- Ellis	19,600	23,540	23,540	19,226
Contractual recorder	500	-	-	201
Volunteer expenses	-	3,200	3,374	3,417
NHC - Salaries	35,350	34,300	33,529	35,505
NHC expenses	400	100	93	-
NHC contingency	400	-	-	-
Conferences	1,450	2,400	2,362	1,452
Legal publications	150	50	153	51
Promotion and publicity	950	450	472	537
Newsletter	7,000	6,200	4,515	7,514
Preserve improvements	5,000	3,900	4,130	2,371
Hoover Utilities and Maintenance	41,500	47,700	49,888	37,007
Ellis Utilities and Maintenance	24,500	35,400	35,747	23,779
Memberships- Ellis	150	35	35	382
Supplies- Ellis	18,250	28,975	29,473	14,491
Uniforms- Ellis	800	350	359	397
Veterinarian & farrier- Ellis	3,000	3,100	3,114	3,683
Volunteer expenses- Ellis	1,100	1,250	1,289	555
Horse Acquisition & Track- Ellis	750	200	210	-
Other- Ellis	1,500	1,600	1,601	1,408
Credit card fee	1,500	1,850	2,177	1,835
Security deposit refund	2,500	9,100	9,965	-
<b>Total expenditures</b>	<b>972,354</b>	<b>1,022,689</b>	<b>1,031,665</b>	<b>924,939</b>
Excess of revenues over (under) expenditures	(75,206)	(104,226)	(196,730)	(152,889)
Other financing sources (uses)				
Transfer (to) from	75,000	75,000	87,085	230,000
<b>Total other financing sources (uses)</b>	<b>75,000</b>	<b>75,000</b>	<b>87,085</b>	<b>230,000</b>
<b>Net Change in Fund Balance</b>	<b>\$ (206)</b>	<b>(29,226)</b>	<b>(109,645)</b>	<b>77,111</b>
Fund balance, beginning of year			133,452	56,341
Fund balance, end of year			<b>\$ 23,807</b>	<b>133,452</b>

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

SCHEDULE B-1

Balance Sheet  
November 30, 2013

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Assets

Cash in bank	\$ 2,563,397
Property taxes receivable	<u>6,909</u>
Total assets	<u>\$ 2,570,306</u>

Liabilities and Fund Balance

Liabilities	
Accrued Interest	<u>\$ 945,990</u>
Total liabilities	945,990
Restricted fund balance	<u>1,624,316</u>
Total liabilities and fund balance	<u>\$ 2,570,306</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, 2013  
(With Comparative Figures for 2012)**

	Budget & Appropriations		Year Ended November 30,	
	Original	Final	2013	2012
<b>Revenues:</b>				
Property Tax	\$ 2,770,375	2,770,375	2,751,346	2,518,253
Interest income	-	-	1,423	1,456
<b>Total revenue</b>	<u>2,770,375</u>	<u>2,770,375</u>	<u>2,752,769</u>	<u>2,519,709</u>
<b>Expenditures:</b>				
Interest	2,276,750	2,276,750	2,271,438	2,283,479
Principal	200,000	200,000	300,000	100,000
Bond fees	-	-	420	-
<b>Total expenditures</b>	<u>2,476,750</u>	<u>2,476,750</u>	<u>2,571,858</u>	<u>2,383,479</u>
Excess of revenues over (under) expenditures	<u>\$ 293,625</u>	<u>293,625</u>	180,911	136,230
Fund balance, beginning of year			<u>1,443,405</u>	<u>1,307,175</u>
Fund balance, end of year			<u>\$ 1,624,316</u>	<u>1,443,405</u>

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

SCHEDULE B-3

Balance Sheet  
November 30, 2013

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		<u>Assets</u>	
Cash in bank		\$	624,240
Property taxes receivable			<u>1,635</u>
Total assets		\$	<u>625,875</u>
		<u>Liabilities and Fund Balance</u>	
Liabilities			
Accrued interest - 2003		\$	7,244
Accrued interest - 2012			<u>34,896</u>
Total liabilities			42,140
Fund balance			
Restricted for debt service			<u>583,735</u>
Total liabilities and fund balance		\$	<u>625,875</u>

**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, 2013  
(With Comparative Figures for 2012)**

	Budget & Appropriations		Year Ended November 30,	
	Original	Final	2013	2012
<b>Revenues:</b>				
Property taxes	\$ 388,000	388,000	651,023	423,800
Interest income	-	-	238	141
<b>Total revenue</b>	<b>388,000</b>	<b>388,000</b>	<b>651,261</b>	<b>423,941</b>
<b>Expenditures:</b>				
Bond fees	-	-	980	-
Debt service - principal - series 2012/2003	260,000	260,000	260,000	3,040,000
Debt service - interest - series 2003	-	-	18,012	250,919
Debt service - interest - series 2012	83,384	83,384	80,164	16,967
<b>Total expenditures</b>	<b>343,384</b>	<b>343,384</b>	<b>359,156</b>	<b>3,307,886</b>
Excess of revenues over (under) expenditures	<u>\$ 44,616</u>	<u>44,616</u>	292,105	(2,883,945)
<b>Other financing sources (uses):</b>				
Bond proceeds			-	2,925,000
Bond premium			-	138,108
Bond discount			-	(40,921)
Bond issuance costs			-	(41,584)
<b>Total other financing sources (uses)</b>			<b>-</b>	<b>2,980,603</b>
Net change in fund balance			292,105	96,658
Fund balance, beginning of year			291,630	194,972
Fund balance, end of year			<u>\$ 583,735</u>	<u>291,630</u>

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

SCHEDULE B-5

Balance Sheet  
November 30, 2013

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<u>Assets</u>	
Cash in bank	\$ 58,512
Property tax receivable	<u>145</u>
Total assets	<u>\$ 58,657</u>

  

<u>Liabilities and Fund Balance</u>	
Liabilities	
Accrued interest	<u>\$ 735</u>
Total liabilities	735
Fund Balance	
Restricted for debt service	<u>57,922</u>
Total liabilities and fund balance	<u>\$ 58,657</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, 2013  
 (With Comparative Figures for 2012)

	Budget & Appropriations		Year Ended November 30,	
	Original	Final	2013	2012
Revenues:				
Property tax	\$ -	57,960	57,574	80,626
Interest income	-	-	-	1
Total revenue	-	57,960	57,574	80,627
Expenditures:				
Fees	-	-	250	250
Debt Service - Interest	3,080	3,080	2,240	4,471
Debt Service - Principal	64,000	64,000	64,000	62,000
Total expenditures	67,080	67,080	66,490	66,721
Excess of revenues over (under) expenditures	\$ (67,080)	(9,120)	(8,916)	13,906
Fund balance, beginning of year			66,838	52,932
Fund balance, end of year			\$ 57,922	66,838

KENDALL COUNTY FOREST PRESERVE DISTRICT  
CAPITAL PROJECTS FUND - SERIES 2007

SCHEDULE C-1

Balance Sheet  
November 30, 2013

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Assets

Cash in bank	\$	2,856,659
Total assets	\$	<u>2,856,659</u>

Liabilities and Fund Balance

Liabilities		
Accounts payable	\$	5,637
Total liabilities		5,637
Restricted fund balance		<u>2,851,022</u>
Total liabilities and fund balance	\$	<u>2,856,659</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, 2013  
(With Comparative Figures for 2012)**

	Budget & Appropriations		Year Ended November 30,	
	Original	Final	2013	2012
Revenues:				
Project fund revenue	\$ -	-	1,800	1,113,298
Grant revenue - State	-	-	192,681	-
Insurance reimbursement	-	-	44,851	-
Interest income	-	-	3,049	5,449
<b>Total revenue</b>	<b>-</b>	<b>-</b>	<b>242,381</b>	<b>1,118,747</b>
Expenditures:				
Land acquisition	-	-	-	35,000
Workers compensation	-	-	91,676	-
Capital outlay	-	-	-	2,868,881
Project fund expense	-	-	450,600	652,811
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>542,276</b>	<b>3,556,692</b>
Excess of revenues over (under) expenditures	-	-	(299,895)	(2,437,945)
Other financing sources (uses)				
Transfer in (out)	-	-	(87,085)	(230,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(87,085)</b>	<b>(230,000)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>-</b>	<b>(386,980)</b>	<b>(2,667,945)</b>
Fund balance, beginning of year			3,238,002	5,905,947
Fund balance, end of year			<b>\$ 2,851,022</b>	<b>3,238,002</b>

KENDALL COUNTY FOREST PRESERVE DISTRICT  
PROJECT FUND

SCHEDULE C-3

Balance Sheet  
November 30, 2013

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Assets

Cash in bank	\$	608,402
Total assets	\$	<u>608,402</u>

Fund Balance

Restricted fund balance	\$	608,402
Total fund balance	\$	<u>608,402</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, 2013  
(With Comparative Figures for 2012)**

	Budget & Appropriations		Year Ended November 30,	
	Original	Final	2013	2012
Revenues:				
Project fund revenue	\$ -	-	250	-
Interest income	-	-	-	-
Total revenue	-	-	250	-
Expenditures	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over (under) expenditures	-	-	250	-
Other financing sources (uses)				
Transfer in (out)	-	-	-	-
Total other financing sources (uses)	\$ -	-	-	-
Fund balance, beginning of year			608,152	608,152
Fund balance, end of year			\$ 608,402	608,152

KENDALL COUNTY FOREST PRESERVE DISTRICT  
CAPITAL PROJECTS FUND - SERIES 2009

SCHEDULE C-5

Balance Sheet  
November 30, 2013

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Assets

Cash in bank	\$ 51,316
Total assets	<u>\$ 51,316</u>

Fund Balance

Fund Balance:	
Restricted for capital projects	\$ 51,316
Total liabilities and fund balance	<u>\$ 51,316</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, 2013  
 (With Comparative Figures for 2012)

	Budget & Appropriations		Year Ended November 30,	
	Original	Final	2013	2012
Revenues:				
Insurance reimbursement	\$ -	-	-	-
Interest income	-	-	54	65
Total revenue	-	-	54	65
Expenditures:				
Project fund expenses	-	-	11,439	5,458
Total expenditures	-	-	11,439	5,458
Excess of revenues over (under) expenditures	\$ -	-	(11,385)	(5,393)
Fund balance, beginning of year			62,701	68,094
Fund balance, end of year			\$ 51,316	62,701

**KENDALL COUNTY FOREST PRESERVE DISTRICT**

**Schedule of Funding Progress  
Illinois Municipal Retirement Fund**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2012	\$ 16,418,030	22,401,001	5,982,971	73.29%	9,821,879	60.91%
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%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$17,028,095.

On a market basis, the funded ratio would be 76.01%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Kendall County. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

**OTHER SUPPLEMENTAL INFORMATION**

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

**SCHEDULE 1.**

	Tax Year				
	2008	2009	2010	2011	2012
Assessed valuations	\$ 3,277,539,459	3,365,125,621	3,172,454,510	2,917,287,004	2,670,163,229
Tax rates:					
General	0.0140	0.0139	0.0153	0.0169	0.0191
Bond and interest	0.0826	0.0805	0.0889	0.1036	0.1305
Totals	0.0966	0.0944	0.1041	0.1205	0.1495
Tax extensions:					
General	\$ 458,855	466,406	484,434	491,855	508,666
Bond and interest	2,707,248	2,709,936	2,818,726	3,022,601	3,483,762
Totals	\$ 3,166,103	3,176,342	3,303,160	3,514,456	3,992,428
Tax collections	\$ 3,158,055	3,169,457	3,300,434	3,514,607	3,965,132





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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, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Kendall County Forest Preserve District, Illinois, as of and for the year ended November 30, 2013 and the related notes to the financial statements, which collectively comprise Kendall County Forest Preserve District, Illinois' basic financial statements, and have issued our report thereon dated January 2, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Kendall County Forest Preserve District, Illinois' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Kendall County Forest Preserve District, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of the Kendall County Forest Preserve District, Illinois' internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Kendall County Forest Preserve District, Illinois' financial statements are free from 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*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mack & Associates, P.C.*

Mack & Associates, P.C.  
Certified Public Accountants

Morris, Illinois  
January 2, 2014