

Kendall County Forest Preserve District
Yorkville, Illinois

Financial Report
Year Ended November 30, 2014

Kendall County Forest Preserve District

Year Ended November 30, 2014

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Independent Auditor's Report

To the Board of Commissioners
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, (the "District"), a component unit of Kendall County, Illinois, as of and for the year ended November 30, 2014, 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; 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 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, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The District adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, during the year ended November 30, 2014. Statement No. 65 changed the classifications of certain items on the statement of net position. Our opinions are not modified with respect to this matter.

Adjustments to Prior Period Financial Statements

The financial statements of Kendall County Forest Preserve District, Illinois as of November 30, 2013, were audited by other auditors whose report dated January 2, 2014, expressed an unmodified opinion on those financial statements. As discussed in Note 19 to the financial statements, the District has adjusted its 2013 financial statements to retrospectively apply the change in accounting for premiums on general obligation bonds and accrued payroll. The other auditors reported on the financial statements before the retrospective adjustment.

As part of our audit of the 2014 financial statements, we also audited the adjustments to the 2013 financial statements to retrospectively apply the change in accounting as described in Note 19. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to Kendall County Forest Preserve District, Illinois' 2013 financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2013 financial statements as a whole.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and Schedule of IMRF Funding Progress on pages 4 through 8, 35 through 36, and 37 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, 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The other supplementary information section on pages 39 through 44 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information 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. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

The assessed valuations, tax rates, tax extensions and tax collections on page 45 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2015, on our consideration of the District's 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 District's internal control over financial reporting and compliance.

Wipfli LLP

Sterling, Illinois
March 9, 2015

**Management's Discussion and Analysis
(Unaudited)**

Kendall County Forest Preserve District

Management's Discussion and Analysis

Kendall County Forest Preserve District (the "District") management discussion and analysis (MD&A) is generally intended to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the District's financial activities, (3) identify changes in the District's financial position (its ability to meet future financial demands and conditions), (4) identify any material deviations from the governmental unit's financial plan (approved budget), and (5) identify individual fund issues or concerns.

The MD&A is provided at the beginning of the report to provide an overview of the District's financial position at November 30, 2014 and the results of operations for the year. This summary should not be taken as a replacement for the audit report, which consists of the basic financial statements, notes to the financial statements, required and other supplementary information.

FINANCIAL HIGHLIGHTS FOR FY2014

- The District's total fund revenues were more than total expenditures by \$398 thousand for the year.
- The District's net position increased \$948 thousand to \$25.5 million in 2014 from \$24.6 million in 2013. 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 (\$35) thousand, Major Debt Service Funds balances totaled \$2.7 million, Major Capital Project Funds balances totaled \$3.5 million, and the overall District ended the year with a balance of \$6.2 million.

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 District's government-wide (or "as a whole") and present a longer-term view of the District'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.

Kendall County Forest Preserve District

Management's Discussion and Analysis

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").

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

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 District 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 District's assets and liabilities resulting from the use of the accrual basis of accounting.

The Statement of Net Position includes all of the District's net position 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, increase or decreases in the District's net position 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

The Fund Financial Statements – The fund financial statements begin on page 11 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 District'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 District'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 District'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, 2014, the District had \$68.1 million invested in capital assets, net of depreciation. This represents a net decrease of \$392 thousand from last year. See the notes to financial statements for more detail.

Primary Government Capital Assets (in millions) (Net of Accumulated Depreciation)

	2014	2013
Land	\$62.7	\$62.7
Improvements	2.6	2.8
Building	2.7	2.9
Furniture and equipment	0.1	0.1
Total	\$68.1	\$68.5

Kendall County Forest Preserve District

Management's Discussion and Analysis

Long-Term Debt

At November 30, 2014, the District had \$47.2 million in long-term debt compared to \$48.0 million, at November 30, 2013. See notes to financial statements for more detail.

Primary Government Long-Term Debt (in millions)			
	2014	2013	Due in One Year
General obligation bonds – Series 2003	\$0.2	\$0.5	\$0.3
General obligation bonds – Series 2008	44.1	44.6	1.0
General obligation bonds – Series 2012	2.9	2.9	0.0
Total	\$47.2	\$48.0	\$1.3

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As previously addressed, net position may serve the purpose over time as a useful indicator of a District's financial position. To that end, the District's assets exceeded its liabilities by \$25.5 million for FY2014.

The following table represents a condensed Statement of Net Position of the District for governmental activities as of November 30, 2014 and 2013.

Net Position (in millions) Governmental Activities November 30		
	2014	2013
Current assets	\$11.8	\$10.9
Noncurrent assets	68.1	68.5
Total assets	79.9	79.4
Current liabilities	2.4	2.0
Noncurrent liabilities	47.4	48.8
Total liabilities	49.8	50.8
Deferred inflows of resources	4.6	4.1
Total liabilities and deferred inflows	54.4	54.9
Net position		
Net investment in capital assets	20.9	20.4
Restricted	6.2	5.8
Unrestricted	(1.6)	(1.7)
Total net position	\$25.5	\$24.5

Kendall County Forest Preserve District

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The following condensed financial information was derived from the Government-Wide Statement of Activities and reflects how the District's net position changed during the fiscal years.

**Changes in Net Position (in millions)
Governmental Activities
For the year ended November 30**

	2014	2013
Revenues:		
Program revenues:		
Charge for services	\$0.1	\$0.0
Capital grants and contributions	0.0	0.2
General revenue:		
Local property taxes	4.1	4.0
Miscellaneous	0.6	0.3
Total revenues	4.8	4.5
Expenses:		
Cultural and recreation	1.7	1.7
Interest	2.2	2.1
Total expenses	3.9	3.8
Change in net position	0.9	0.7
Net position, beginning of year as previously reported	24.6	25.7
Prior period adjustment	0.0	(1.8)
Net position, beginning of year as restated	24.6	23.9
Net position, ending	\$25.5	\$24.6

General Fund Budgetary Highlights

The Board approved the fiscal year 2014 budget and appropriations ordinance on December 2, 2013. For the year ended November 30, 2014, General Fund expenditures were \$1.1 million and budgeted expenditures were \$1.1 million, resulting in the General fund being over budget by \$11 thousand.

Contacting District's Financial Management

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

Basic Financial Statements

County of Kendall Forest Preserve District

Statement of Net Position

November 30, 2014

(With Comparative Figures for 2013 as restated)

ASSETS	Primary Government	
	Governmental Activities	
	2014	2013
Current assets:		
Cash, deposits, and investments	\$7,213,176	\$6,792,173
Receivables:		
Trade	11,409	0
Property taxes	4,616,188	4,153,110
Total current assets	11,840,773	10,945,283
Noncurrent assets:		
Capital assets:		
Land and construction in progress	62,751,402	62,751,402
Depreciable assets	8,243,554	8,203,704
Less: accumulated depreciation	(2,881,188)	(2,449,432)
Total noncurrent assets	68,113,768	68,505,674
Total assets	79,954,541	79,450,957
LIABILITIES		
Current liabilities:		
Accounts payable	15,593	12,745
Accrued payroll and compensated absences	45,051	10,371
Accrued interest	975,661	988,865
Unamortized bond premium	123,446	123,447
Bonds payable	1,280,000	821,000
Total current liabilities	2,439,751	1,956,428
Noncurrent liabilities:		
Accrued compensated absences	14,053	0
Unamortized bond premium	1,314,304	1,437,750
Due in more than one year	45,970,000	47,250,000
Total noncurrent liabilities	47,298,357	48,687,750
Total liabilities	49,738,108	50,644,178
Deferred inflows of resources:		
Unamortized gain on refunding	90,884	102,127
Unavailable property taxes	4,616,188	4,143,153
Total deferred inflows of resources	4,707,072	4,245,280
Total liabilities and deferred inflows of resources	54,445,180	54,889,458
NET POSITION		
Net investment in capital assets	20,863,768	20,434,674
Restricted	6,223,092	5,776,713
Unrestricted	(1,577,499)	(1,649,888)
Total net position	\$25,509,361	\$24,561,499

See Accompanying Notes to Financial Statements.

County of Kendall Forest Preserve District

Statement of Activities

For the year ended November 30, 2014
(With Comparative Figures for 2013 as restated)

Functions/Program	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
	2014	2014	2014	2014	2013
Governmental activities:					
Cultural and recreation	\$1,690,758	\$81,606	\$0	\$39,699	(\$1,389,876)
Unallocated interest	2,209,759	0	0	0	(2,238,815)
Total governmental activities	\$3,900,517	\$81,606	\$0	\$39,699	(3,628,691)
General revenues:					
Taxes:					
Property taxes				4,134,506	3,965,132
Interest on investments				5,010	4,814
Donations				233,445	285
Project fund				330,554	252,010
Miscellaneous				23,559	62,125
Total general revenues				4,727,074	4,284,366
Change in net position				947,862	655,675
Net position - beginning of year as previously reported				24,561,499	25,715,112
Prior period adjustment				0	(1,809,288)
Net position - beginning of year as restated				24,561,499	23,905,824
Net position - end of year				\$25,509,361	\$24,561,499

See Accompanying Notes to Financial Statements.

County of Kendall Forest Preserve District

Governmental Funds

Balance Sheet

November 30, 2014

(With Comparative Figures for 2013 as restated)

ASSETS	General	Bond and Interest Series 2007
Cash, deposits, and investments	\$13,053	\$2,809,040
Receivables:		
Trade	11,409	0
Property taxes	533,913	3,704,125
Total assets	\$558,375	\$6,513,165
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Accounts payable	\$14,223	\$0
Accrued payroll and compensated absences	45,051	0
Accrued interest	0	937,136
Total liabilities	59,274	937,136
Deferred inflows of resources:		
Unavailable property taxes	533,913	3,704,125
Total deferred inflows of resources	533,913	3,704,125
Fund balances:		
Restricted:		
Debt service funds	0	1,871,904
Capital project funds	0	0
Unassigned	(34,812)	0
Total fund balance	(34,812)	1,871,904
Total liabilities, deferred inflows of resources, and fund balances	\$558,375	\$6,513,165

See Accompanying Notes to Financial Statements.

Debt Service		Capital Projects			Total Governmental	
Bond and Interest Series 2003	Bond and Interest Series 2009	Capital Projects Series 2007	Project Fund	Capital Projects Series 2009	2014	2013
\$881,488	\$1,552	\$2,646,645	\$841,825	\$19,573	\$7,213,176	\$6,792,173
0	0	0	0	0	11,409	0
378,150	0	0	0	0	4,616,188	9,957
\$1,259,638	\$1,552	\$2,646,645	\$841,825	\$19,573	\$11,840,773	\$6,802,130
\$0	\$0	\$1,370	\$0	\$0	\$15,593	\$12,745
0	0	0	0	0	45,051	10,371
38,525	0	0	0	0	975,661	988,865
38,525	0	1,370	0	0	1,036,305	1,011,981
378,150	0	0	0	0	4,616,188	0
378,150	0	0	0	0	4,616,188	0
842,963	1,552	0	0	0	2,716,419	2,265,973
0	0	2,645,275	841,825	19,573	3,506,673	3,510,740
0	0	0	0	0	(34,812)	13,436
842,963	1,552	2,645,275	841,825	19,573	6,188,280	5,790,149
\$1,259,638	\$1,552	\$2,646,645	\$841,825	\$19,573	\$11,840,773	\$6,802,130

See Accompanying Notes to Financial Statements.

County of Kendall Forest Preserve District

Reconciliation of the Balance Sheet to the Statements of Net Position

For the year ended November 30, 2014

(With Comparative Figures for 2013 as restated)

	2014	2013
Total fund balances - governmental funds	\$6,188,280	\$5,790,149
Amounts reported for governmental activities in the statement of net position are different because:		
Premiums or discounts on long-term liabilities and gains or losses on debt refunding are capitalized and amortized at the statement of net position		
Premiums on bond issues	(1,437,750)	(1,561,197)
Unamortized gain on refunding issues	(90,884)	(102,127)
Long-term accrued compensated absences are not due and payable with the current resources so not reported in the funds.	(14,053)	0
Capital assets used in governmental activities of (net of accumulated depreciation) are not financial resources and, therefore, are not reported in the funds.	68,113,768	68,505,674
Some liabilities, including capital debt obligations payable, are not due and payable in the current period and, therefore, are not reported in the funds	(47,250,000)	(48,071,000)
Total net position - governmental activities	\$25,509,361	\$24,561,499

See Accompanying Notes to Financial Statements.

County of Kendall Forest Preserve District

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

For the year ended November 30, 2014

(With Comparative Figures for 2013 as restated)

	General	Bond and Interest Series 2007	Debt Service Bond and Interest Series 2003
Revenues:			
Property taxes	\$520,626	\$2,996,990	\$616,890
Intergovernmental revenue	0	0	0
Revenue from services, fine and forfeitures	81,606	0	0
Project fund	329,384	0	0
Interest	116	1,494	521
Other revenue	23,581	0	0
Total revenue	955,313	2,998,484	617,411
Expenditures:			
Current:			
Cultural and recreational	1,143,561	0	0
Debt service:			
Fees	0	0	0
Principal	0	500,000	265,000
Interest	0	2,250,896	93,183
Capital outlay	0	0	0
Total expenditures	1,143,561	2,750,896	358,183
Excess (deficiency) of revenues over expenditures	(188,248)	247,588	259,228
Other financing sources and (uses):			
Transfers in	140,000	0	0
Transfers out	0	0	0
Total other financing sources (uses)	140,000	0	0
Net change in fund balances	(48,248)	247,588	259,228
Fund balances, beginning of year as previously reported	13,436	1,624,316	583,735
Prior period adjustment	0	0	0
Fund balances, beginning of year as restated	13,436	1,624,316	583,735
Fund balances (deficit), end of year	(\$34,812)	\$1,871,904	\$842,963

See Accompanying Notes to Financial Statements.

Bond and Interest Series 2009	Capital Projects			Total Governmental	
	Capital Projects Series 2007	Project Fund	Capital Projects Series 2009	2014	2013
	\$0	\$0	\$0	\$0	\$4,134,506
0	39,699	0	0	39,699	192,681
0	0	0	0	81,606	62,177
0	1,170	0	0	330,554	252,010
0	2,836	0	43	5,010	4,814
0	0	233,423	0	257,004	62,410
0	43,705	233,423	43	4,848,379	4,539,224
0	95,813	0	5,575	1,244,949	1,223,830
125	0	0	0	125	0
56,000	0	0	0	821,000	624,000
245	0	0	0	2,344,324	2,373,504
0	13,639	0	26,211	39,850	360,646
56,370	109,452	0	31,786	4,450,248	4,581,980
(56,370)	(65,747)	233,423	(31,743)	398,131	(42,756)
0	0	0	0	140,000	87,085
0	(140,000)	0	0	(140,000)	(87,085)
0	(140,000)	0	0	0	0
(56,370)	(205,747)	233,423	(31,743)	398,131	(42,756)
57,922	2,851,022	608,402	51,316	5,790,149	5,844,180
0	0	0	0	0	(11,275)
57,922	2,851,022	608,402	51,316	5,790,149	5,832,905
\$1,552	\$2,645,275	\$841,825	\$19,573	\$6,188,280	\$5,790,149

See Accompanying Notes to Financial Statements.

County of Kendall Forest Preserve District

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances to the Statement of Activities
For the year ended November 30, 2014
(With Comparative Figures for 2013 as restated)

	2014	2013
Net change in fund balances - governmental funds	\$398,131	(\$42,756)
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	821,000	624,000
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in		
Amortization of bond premiums	123,447	123,446
Amortization of gain on refunding	11,243	11,243
Expenses related to long-term accrued compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as an expenditure in the governmental funds		
	(14,053)	0
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expenses to allocate those expenditures over the life of the assets:		
Capital asset purchases	39,850	389,769
Depreciation expense	(431,756)	(450,027)
Change in net position of governmental activities	\$947,862	\$655,675

See Accompanying Notes to Financial Statements.

Kendall County Forest Preserve District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

Introduction

The financial statements of Kendall County Forest Preserve District (the "District") are located in Yorkville, Illinois have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below.

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities* are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Financial Reporting Entity

The District is governed by a nine member Board of Commissioners. The District is a legally separate political subdivision. These financial statements present all funds of the District. The District has the statutory authority to adopt its own budget, levy taxes, and issue bonded debt without the approval of another government. There are no component units included or excluded. A component unit is a legally separate organization for which a primary government is fiscally accountable. 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.

Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Kendall County Forest Preserve District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

The District reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources of the District except those which are required to be accounted for in another fund.

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 the following debt service funds:

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

Capital Project Funds – The 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 District includes the following capital project funds:

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

Under the Governmental Accounting Standards Board (GASB) issued Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the District may report any governmental or enterprise fund (but not internal service funds or fiduciary funds) as a major fund if the District's officials believe the fund is "particularly important to financial statement users". The District has chosen to include the Project Fund, Capital Project Fund – Series 2009, and Bond and Interest Fund – Series 2009 as major funds even though the fund calculations do not classify them as major funds. The District views these funds particularly important to the financial users.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Kendall County Forest Preserve District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus. The government-wide fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. For this purpose, the government generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The District has elected to take exception to this assumption for revenue remitted by the State. Due to the State being late with payments, the District considers those amounts applicable to the current fiscal year to be available as it is vouchered by the State. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

The appropriated budget is prepared by fund. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. Appropriations in all budgeted funds lapse at the end of the fiscal year.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The cash balances of most District funds are pooled and invested. Each fund's share of the investment pool is reflected on its respective balance sheet.

Kendall County Forest Preserve District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Investments

Statutes authorize the government to invest in: 1) securities guaranteed by the full faith and credit of the United States of America; 2) deposits or other investments constituting direct obligations of any bank as defined by the Illinois Banking Act; 3) short-term obligations of corporations organized in the United States which meet other restrictions as defined in Illinois Revised Statutes Chapter 35, Paragraph 902, as amended; 4) money market funds registered under the Investment Company Act of 1940; 5) short-term discount obligations of the Federal National Mortgage Association; 6) shares or other forms of securities legally issuable by savings and loan associations; 7) various share accounts of a credit union chartered under the laws of the State of Illinois or the laws of the United States provided the principal office of any such credit union is located within the State of Illinois; 8) a Public Treasurer's Investment Pool created under Section 17 of "An Act to revise the law in relation to the State Treasurer", approved November 23, 1873, as amended. Bank and savings and loan investments may only be made in institutions which are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.

Investments for the government are reported at fair value (generally based on quoted market prices) except for the position in the State Treasurer's Investment Pool (Pool). In accordance with state law, the Pool operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the Pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The Pool is subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an estimated useful life in excess of two years and individual cost of more than the \$5,000.

As the District constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the time or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

Buildings	20 years
Improvements, other than buildings	20 years
Equipment	5 – 7 years

Kendall County Forest Preserve District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Commissioners is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Kendall County Forest Preserve District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Fund Balance Policies (continued)

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board of Commissioners has by resolution authorized an official of the Board of Commissioners to assign fund balance. The Board of Commissioners may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

The District's property tax is levied each year on all taxable real property located in the District. Since the 2014 property tax levy is levied to finance the operations of fiscal year 2015, the 2014 property tax is recorded as a receivable and the 2014 property tax revenue is unavailable. The 2013 property tax levy is recorded as revenue by the District in accordance with the applicable measurement focus and basis of accounting for fiscal year 2014. The District must file its tax levy by the last Tuesday of December each year. The 2013 levy was approved on December 2, 2013. The 2014 levy was approved on November 24, 2014.

The township assessors are responsible for assessment of all taxable real property within the District. The County Clerk computes the annual tax of each parcel of real property and prepares tax books used by the County Collector as a basis for issuing tax bills to all taxpayers in the District.

Property taxes are collected by the County Treasurer, who remits to the units their respective share of the collections. Taxes levied in 2013 became due and payable in two installments, generally in June 2014 and September 2014. The owner of real property on January 1 (lien date) in any year is liable for taxes of that year.

Kendall County Forest Preserve District

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Compensated Absences

Vacation

The District's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide financial statements. In the fund financial statements, the County also recognizes a short term liability for the portion of compensated absences that will be paid from available funds within 60 days after year end. The liability for compensated absences includes salary-related benefits, where applicable.

Sick Leave

Accumulated sick leave lapses when employees leave the employ of the government and, upon separation from service, no monetary obligation exists.

Note 2 Stewardship, Compliance and Accountability

Excess of expenditures over appropriations

<u>Fund</u>	<u>Amount</u>
General Fund	\$30,480
Capital Projects Fund – Series 2007	\$109,452
Capital Projects Fund – Series 2009	\$31,786

Deficit Fund Equity

As of November 30, 2014, the General Fund had a deficit fund balance of (\$34,812).

Note 3 Cash Deposits with Financial Institutions

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of November 30, 2014, the District's bank balance was \$6,911,073 and the entire balance was insured and collateralized.

Note 4 Investments

As of November 30, 2014, the District had the following investments:

	<u>Fair Value</u>
Illinois Funds Money Market Fund	\$262,720

Kendall County Forest Preserve District

Notes to Financial Statements

Note 4 Investments (continued)

Interest rate risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District has no specific policy on the interest rate risk at year-end.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Investment Type	Remaining Maturity (in Years)				Total
	< 1 Year	1-5 Years	5-10 Years	>10 Years	
External investment pool	\$262,720	\$0	\$0	\$0	\$262,720

Credit risk. Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investments in U.S. Government obligations are not considered to be of any credit risk since they carry the full obligation and guarantee of the U.S. Government. Presented below is the actual rating as of year-end for each investment type:

Investment Type	Total as of November 30, 2014	AAAm	Aa	Unrated
External investment pool	\$262,720	\$262,720	\$0	\$0

Concentration of credit risk. The District's investment policy does not allow for an investment in any one issuer that is in excess of 5 percent of the District's total investments.

Custodial credit risk-investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of November 30, 2014, there are no investments with custodial credit risk in that all of its investments are insured.

Foreign Currency Risk. The District has no foreign currency risk for investments at year end.

Kendall County Forest Preserve District

Notes to Financial Statements

Note 5 Capital Assets

The governmental activities capital asset activity for the year ended November 30, 2014 is as follows:

Governmental activities:	Balance 12/1/2013	Increases	Decreases and Transfers	Balance 11/30/2014
Capital assets, not being depreciated:				
Land	\$62,751,402	\$0	\$0	\$62,751,402
Total capital assets, not being depreciated:	62,751,402	0	0	62,751,402
Capital assets, being depreciated:				
Improvements	4,274,626	13,639	0	4,288,265
Buildings	3,455,762	0	0	3,455,762
Equipment	443,036	26,211	0	469,247
Artifacts and antiques	30,280	0	0	30,280
Total capital assets, being depreciated:	8,203,704	39,850	0	8,243,554
Accumulated depreciation:				
Improvements	1,479,625	214,129	0	1,693,754
Buildings	586,416	172,788	0	759,204
Equipment	353,111	44,839	0	397,950
Artifacts and antiques	30,280	0	0	30,280
Total accumulated depreciation	2,449,432	431,756	0	2,881,188
Total capital assets, being depreciated, net	5,754,272	(391,906)	0	5,362,366
Governmental activities capital assets, net	\$68,505,674	(\$391,906)	\$0	\$68,113,768

Depreciation expense was charged to governmental functions as follows:

Governmental activities:

Culture and recreation	\$431,756
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Kendall County Forest Preserve District

Notes to Financial Statements

Note 6 Pension and Retirement Systems

Illinois Municipal Retirement Fund:

The District's defined benefit pension plan is comingled with the County of Kendall. The District's share is not determinable.

Plan Description. The County's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The plan is affiliated with the Illinois Municipal Retirement (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 (RSI). That report may be obtained online at www.imrf.org.

Funding Policy. As set by statute, the 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 employer annual required contribution rate for calendar year 2013 was 11.77 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 the statute.

Annual Pension Cost: The required contribution for calendar year 2013 was \$1,098,752.

THREE-YEAR TREND INFORMATION FOR THE REGULAR PLAN

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/13	\$1,098,752	100%	\$0
12/31/12	1,121,659	100%	0
12/31/11	1,091,920	100%	0

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% 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 the County's 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's Regular plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Kendall County Forest Preserve District

Notes to Financial Statements

Note 6 Pension and Retirement Systems (continued)

Illinois Municipal Retirement Fund (continued)

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the Regular plan was 78.47 percent funded. The actuarial accrued liability for benefits was \$23,915,895 and the actuarial value of assets was \$18,765,895, resulting in an underfunded actuarial accrued liability (UAAL) of \$5,150,070. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$9,335,189 and the ratio of the UAAL to the covered payroll was 55 percent.

The schedule of funding progress, presented as required supplemental information (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.

Note 7 Other Postemployment Benefits

The District has evaluated its potential other postemployment benefits liability. The District provides continued health insurance coverage at the active employer rate to all eligible employees in accordance with Illinois statutes, which creates an implicit subsidy of retiree health insurance. Former employees who choose to retain their rights to health insurance through the government are required to pay 100% of the current premium. However, there are no former employee has chosen to stay on the District's health insurance plan. Therefore, there has been low utilization and, therefore, an immaterial implicit subsidy to calculate in accordance with GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension. Additionally, the District has no former employees for whom the government was providing an explicit subsidy and no employees with agreements for future explicit subsidies upon retirement. Therefore, the District has not recorded any postemployment benefit liability as of November 30, 2014.

Note 8 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.

Kendall County Forest Preserve District

Notes to Financial Statements

Note 9 Long-Term Debt

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with original maturities that range from 5 to 20 years. General obligation bonds outstanding at November 30, 2014 are as follows:

General Obligation Bonds	Sale Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding 11/30/14
Series 2003	5/21/03	\$5,000,000	2.00 – 4.10	1/1/15	\$265,000
Series 2007	7/15/07	45,000,000	4.25 – 5.25	1/1/27	44,100,000
Series 2009	1/20/09	300,000	3.50	1/15/14	0
Series 2012	4/10/12	2,925,000	2.00 – 3.0	1/1/23	2,885,000
Total					\$47,250,000

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 (2.00 – 4.10%). 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 variable interest rate (2.00 – 3.00%). 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:

Date	Principal	Interest	Payments
01/01/15	\$265,000	\$4,505	\$269,505

Kendall County Forest Preserve District

Notes to Financial Statements

Note 9 Long-Term Debt (continued)

General Obligation Bonds (continued)

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>
2015	\$1,000,000	\$2,226,625	\$3,226,625
2016	1,500,000	2,170,375	3,670,375
2017	1,700,000	2,098,375	3,798,375
2018	2,100,000	2,007,625	4,107,625
2019	2,500,000	1,892,625	4,392,625
2020	2,750,000	1,761,375	4,511,375
2021	3,000,000	1,617,625	4,617,625
2022	3,500,000	1,455,125	4,955,125
2023	4,000,000	1,262,625	5,262,625
2024	5,000,000	1,026,375	6,026,375
2025	5,100,000	761,250	5,861,250
2026	5,600,000	480,375	6,080,375
2027	6,350,000	166,688	6,516,688
	<u>\$44,100,000</u>	<u>\$18,927,063</u>	<u>\$63,027,063</u>

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 fully matured during fiscal year 2014.

Kendall County Forest Preserve District

Notes to Financial Statements

Note 9 Long-Term Debt (continued)

General Obligation Bonds (continued)

Bond Series 2012 Refunding

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 (2.0 – 3.0%). Of the bond proceeds, \$2,820,000 was used to refund a portion of the general obligation, Series 2003 bonds.

The bonds shall mature each year as follows:

Date	Principal	Interest	Payments
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
	\$2,885,000	\$449,925	\$3,334,925

Long term liability activity for the year ended November 30, 2014 is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Amounts Due Within One Year
Bonds payable -					
General obligation bonds	\$48,071,000	\$0	(\$821,000)	\$47,250,000	\$1,280,000
Unamortized premium on bonds	1,561,197	0	(123,447)	1,437,750	123,446
Compensated absences	0	54,599	(26,149)	28,450	14,397
Governmental activity					
Long-term liabilities	\$49,632,197	\$54,599	(\$970,596)	\$48,716,200	\$1,417,843

The District is subject to a debt limitation of 2.3% of its assessed valuation of \$2,526,688,051. As of November 30, 2014, the District had \$10,863,825 of remaining legal debt margin.

Kendall County Forest Preserve District

Notes to Financial Statements

Note 10 Debt Defeasance

In October 2012, the District partially defeased the 2003 general obligation bonds by placing the proceeds of the Series 2012 refunding bond issue in an irrevocable trust fund. New debt was issued and proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matured. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the District's financial statements. As of November 30, 2014, the amount of defeased debt from the 2006 general obligation bonds outstanding but removed from the District's financial statements amounted to \$2,820,000.

Note 11 Net Position

Net position reported on the government wide statement of net position at November 30, 2014:

Governmental Activities:	
Net investment in capital assets	
Land	\$62,751,402
Other capital assets, net of accumulated depreciation	5,362,366
Less: related long-term debt outstanding	(47,250,000)
<hr/>	
Total net investment in capital assets	20,863,768
<hr/>	
Restricted:	
State statutes and enabling legislation	5,406,518
Donor restrictions	816,574
<hr/>	
Total restricted	6,223,092
<hr/>	
Unrestricted	(1,577,499)
<hr/>	
Total governmental activities net position	\$25,509,361

Note 12 Fund Balance

According to Government Accounting Standards, fund balances are to be classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. Below are definitions of the how these balances are reported.

Nonspendable Fund Balance

The nonspendable 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. The District has no nonspendable balances at year end.

Kendall County Forest Preserve District

Notes to Financial Statements

Note 12 Fund Balance (continued)

Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Examples of these restrictions could be those imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The District has restricted balances at year end that are listed below.

Committed Fund Balance

The District commits fund balance by making motions or passing resolution 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 contract requirements. The District has no committed balances at year end.

Assigned Fund Balance

The assigned fund balance classification refers to amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by the Board to assign amounts to be used for specific purposes. The District does not have any assigned balances at year end.

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 and for funds with negative fund balances.

Restricted Fund Balance

Major Funds:

Externally imposed by donors:	
Project Fund – Capital Improvement	\$816,574
State statutes and enabling legislation:	
Capital projects	2,690,099
Debt service	2,716,419
<hr/>	
Total restricted fund balance	\$6,223,092
<hr/>	
Major Funds-	
General Fund	(\$34,812)
<hr/>	

Kendall County Forest Preserve District

Notes to Financial Statements

Note 13 Interfund Transfers

Below are the interfund transfers as of November 30, 2014:

	Transfers In	Transfers Out
Major funds:		
General	\$140,000	
Capital Projects Series 2007		\$140,000
	\$140,000	\$140,000

All transfers were made to simplify cash flows within the District and to reimburse various funds for departmental expenses.

Note 14 Contingencies

The District is periodically involved in various lawsuits. It is the opinion of the State's Attorney that as of November 30, 2014, there are no matters that will have a material adverse effect on the financial condition of the District.

Note 15 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 \$175,846 in farm license revenue, an increase of \$47,580 from the \$128,266 received in the prior fiscal year.

Note 16 Donations

During the 2011 fiscal year, the District received a donation in the amount of \$583,152 from the trust of John and Mary Subat to be used for a nature preserve building at Subat Forest Preserve. During the 2014 fiscal year, the District received an additional donation in the amount of \$233,422 from the same trust. The donation will be kept in a dedicated fund until the time is right for the District to build a nature preserve building as requested. The net proceeds are recorded in the Project Fund.

Note 17 New Reporting Standard

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, is effective for financial statements for periods beginning after December 15, 2012. This statement improves financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The District has implemented this as of November 30, 2014. As a result, the County recorded unamortized gain on refunding in the amount of \$102,127 relating to this future deferred inflow of resources. See Note 19 for details of restatement.

Kendall County Forest Preserve District

Notes to Financial Statements

Note 17 New Reporting Standard (continued)

GASB Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and 62*, is effective for financial statements for periods beginning after December 15, 2012. This statement improves financial reporting by resolving conflicting guidance from the issuance of recent pronouncements. The District has implemented this as of December 1, 2012.

Note 18 Impact of Pending Accounting Principles

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The District is required to implement this standard for the fiscal year ending November 30, 2015. The District has not yet determined the full impact that adoption of GASB Statement 68 will have on the financial statements.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The District is required to implement this standard for the fiscal year ending November 30, 2015. The District has not yet determined the full impact that adoption of GASB Statement 71 will have on the financial statements.

Note 19 Restatement of Beginning Fund Balance/Net Position

The District has restated its net position as of November 30, 2012, to report the bond premiums on general obligation bonds, the unamortized gain on the issuance of refunding bonds, and accrued payroll as of November 30, 2012. Governmental activities net position at November 30, 2012 were previously reported at \$25,715,112 and have been restated to \$23,905,824 for this correction of \$1,809,288. Governmental fund balances at November 30, 2012 were previously reported at \$5,844,180 and have been restated to \$5,832,905 for this correction of \$11,275.

Note 20 Reclassification

Certain items in the 2013 financial statements have been reclassified with no effect on the change in net position/fund balance to be consistent with classifications adopted for the year ended 2014.

**Required Supplementary Information
(Unaudited)**

County of Kendall Forest Preserve District

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance -

Budget and Actual

For the year ended November 30, 2014

(With Comparative Figures for 2013 as restated)

	2014		Variance with Final Budget	2013 Actual
	Final Budget	Actual		
Revenues:				
Property taxes	\$521,568	\$520,626	(\$942)	\$505,189
Revenue from services, fines and forfeitures:				
Program fees	68,000	73,421	5,421	53,102
Reservations	9,300	8,185	(1,115)	9,075
	77,300	81,606	4,306	62,177
Project fund:				
Farm license revenue	215,000	175,846	(39,154)	128,266
Hoover revenue	57,500	49,156	(8,344)	38,115
Ellis Center revenue	157,000	104,382	(52,618)	83,829
	429,500	329,384	(100,116)	250,210
Interest	50	116	116	50
Other revenue:				
Donations	0	22	22	35
Security deposits	14,000	22,063	8,063	13,650
Other income	2,500	1,496	(1,004)	3,624
	16,500	23,581	7,081	17,309
Total revenues	1,044,918	955,313	(89,555)	834,935
Expenditures:				
Cultural and recreational:				
Salaries	553,370	575,755	(22,385)	519,755
IMRF/SS	114,447	95,505	18,942	94,813
Equipment and building maintenance and repairs	9,000	14,744	(5,744)	4,770
Gas for heating	2,400	2,800	(400)	2,428
Electricity	2,200	2,986	(786)	3,034
Insurance	49,022	44,312	4,710	44,312
Telephone	8,000	7,771	229	11,717
Office supplies and postage	14,000	12,914	1,086	14,139
Fuel	21,000	20,320	680	22,124
Dues and subscriptions	1,300	1,530	(230)	1,842
Audit	4,475	4,475	0	3,650
Refuse removal	6,400	7,076	(676)	6,846
Environmental education	25,000	26,892	(1,892)	32,627
Supplies - shop	5,500	5,100	400	3,712
Uniforms	1,500	2,604	(1,104)	1,942
Natural area management supplies	3,000	735	2,265	1,081

See Notes to Required Supplementary Information.

County of Kendall Forest Preserve District

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance -

Budget and Actual - (Continued)

For the year ended November 30, 2014

(With Comparative Figures for 2013 as restated)

	2014			2013 Actual
	Final Budget	Actual	Variance with Final Budget	
Expenditures:				
Cultural and recreational:				
Medical insurance reimbursements	88,850	81,629	7,221	55,943
Medical insurance reimbursements - Ellis	10,925	10,469	456	23,540
Volunteer expenses	3,500	2,504	996	3,374
NHC - salaries	39,742	40,877	(1,135)	33,529
NHC expenses	0	0	0	93
NHC contingency	1,000	949	51	0
Conferences	1,500	1,398	102	2,362
Legal publications	150	34	116	153
Promotion and publicity	3,000	1,644	1,356	472
Newsletter	5,600	5,613	(13)	4,515
Preserve improvements	5,000	6,009	(1,009)	4,130
Hoover utilities and maintenance	41,500	65,730	(24,230)	49,888
Ellis utilities and maintenance	24,500	35,972	(11,472)	35,747
Memberships - Ellis	150	95	55	35
Event Tent Lease - Ellis	17,400	15,950	1,450	0
Supplies - Ellis	22,300	18,660	3,640	29,473
Uniforms - Ellis	600	371	229	359
Veterinarian and farrier - Ellis	3,000	3,849	(849)	3,114
Volunteer expenses - Ellis	1,000	777	223	1,289
Horse acquisition and track - Ellis	750	572	178	210
Other - Ellis	1,500	1,627	(127)	1,601
Credit card fee	2,500	4,560	(2,060)	2,177
Security deposit refund	14,000	18,753	(4,753)	9,965
Total expenditures	1,109,081	1,143,561	(34,480)	1,030,761
Excess (deficiency) of revenues over (under) expenditures	(64,163)	(188,248)	(55,075)	(195,826)
Other financing sources (uses):				
Operating transfers in:				
Transfer (to) from	69,200	140,000	70,800	87,085
Total other financing sources (uses)	69,200	140,000	70,800	87,085
Net change in fund balance	<u>\$5,037</u>	<u>(48,248)</u>	<u>\$15,725</u>	<u>(108,741)</u>
Fund balance, beginning of year as previously reported		<u>13,436</u>		<u>133,452</u>
Prior period adjustment		<u>0</u>		<u>(11,275)</u>
Fund balance, beginning of year as restated		<u>13,436</u>		<u>122,177</u>
Fund balance (deficit), end of year		<u><u>(\$34,812)</u></u>		<u><u>\$13,436</u></u>

See Notes to Required Supplementary Information.

Kendall County Forest Preserve District

Schedule of IMRF Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued 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)
12/31/13	\$18,765,895	\$23,915,965	\$5,150,070	78.47%	\$9,335,189	55.17%
12/31/12	16,418,030	22,401,001	5,982,971	73.29%	9,821,879	60.91%
12/31/11	15,892,765	21,700,440	5,807,675	73.24%	9,705,954	59.84%

On a market value basis, the actuarial value of assets as of December 31, 2014 is \$22,289,696. On a market basis, the funded ratio would be 93.20%.

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.

The District's defined benefit pension plan is comingled with the County of Kendall. The District's share is not determinable.

Kendall County Forest Preserve District

Notes to Required Supplementary Information

Note 1 Basis of Accounting

Annual budgets are adopted for all governmental funds using the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

Note 2 Excess of Disbursements Over Appropriations

The General Fund has excess of expenditures over appropriations of \$10,974.

Other Supplementary Information

County of Kendall Forest Preserve District

Bond and Interest Fund - Series 2007

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual

For the year ended November 30, 2014

(With Comparative Figures for 2013 as restated)

	2014			2013 Actual
	Final Budget	Actual	Variance with Final Budget	
Revenues:				
Property tax	\$3,249,125	\$2,996,990	(252,135)	\$2,751,346
Interest	0	1,494	1,494	1,423
Total revenues	3,249,125	2,998,484	(250,641)	2,752,769
Expenditures:				
Fees	420	0	420	420
Principal	500,000	500,000	0	300,000
Interest	2,259,750	2,250,896	8,854	2,271,438
Total expenditures	2,760,170	2,750,896	9,274	2,571,858
Net change in fund balance	<u>\$488,955</u>	247,588	<u>(\$259,915)</u>	180,911
Fund balance, beginning of year		<u>1,624,316</u>		<u>1,443,405</u>
Fund balance, end of year		<u>\$1,871,904</u>		<u>\$1,624,316</u>

County of Kendall Forest Preserve District

Bond and Interest Fund - Series 2003

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual

For the year ended November 30, 2014

(With Comparative Figures for 2013 as restated)

	2014			2013 Actual
	Final Budget	Actual	Variance with Final Budget	
Revenues:				
Property tax	\$372,460	\$616,890	\$244,430	\$651,023
Interest	0	521	521	238
Total revenues	372,460	617,411	244,951	651,261
Expenditures:				
Fees	980	0	980	980
Principal	265,000	265,000	0	260,000
Interest	101,135	93,183	7,952	98,176
Total expenditures	367,115	358,183	8,932	359,156
Net change in fund balance	<u>\$5,345</u>	259,228	<u>\$236,019</u>	292,105
Fund balance, beginning of year		<u>583,735</u>		<u>291,630</u>
Fund balance, end of year		<u>\$842,963</u>		<u>\$583,735</u>

County of Kendall Forest Preserve District

Bond and Interest Fund - Series 2009

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual

For the year ended November 30, 2014

(With Comparative Figures for 2013 as restated)

	2014			2013 Actual
	Final Budget	Actual	Variance with Final Budget	
Revenues:				
Property tax	\$0	\$0	\$0	\$57,574
Interest	0	0	0	0
Total revenues	0	0	0	57,574
Expenditures:				
Fees	250	125	125	250
Principal	56,000	56,000	0	64,000
Interest	980	245	735	2,240
Total expenditures	57,230	56,370	860	66,490
Net change in fund balance	<u>(\$57,230)</u>	<u>(56,370)</u>	<u>(\$860)</u>	<u>(8,916)</u>
Fund balance, beginning of year		<u>57,922</u>		<u>66,838</u>
Fund balance, end of year		<u><u>\$1,552</u></u>		<u><u>\$57,922</u></u>

County of Kendall Forest Preserve District

Capital Projects Fund - Series 2007

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual

For the year ended November 30, 2014

(With Comparative Figures for 2013 as restated)

	2014			2013 Actual
	Final Budget	Actual	Variance with Final Budget	
Revenues:				
Intergovernmental revenues -				
Grant revenue - state	\$0	\$39,699	\$39,699	\$192,681
Project fund -				
Project fund revenue	0	1,170	1,170	1,800
Interest	0	2,836	2,836	3,049
Other revenue -				
Insurance reimbursement	0	0	0	44,851
Total revenues	0	43,705	43,705	242,381
Expenditures -				
Cultural and recreational:				
Workers compensation	0	0	0	91,676
Project fund expense	0	109,452	(109,452)	450,600
Total expenditures	0	109,452	(109,452)	542,276
Excess (deficiency) of revenues over (under) expenditures	0	(65,747)	(65,747)	(299,895)
Other financing sources (uses):				
Operating transfers out:				
Transfer out	0	(140,000)	(140,000)	(87,085)
Net change in fund balance	<u>\$0</u>	<u>(205,747)</u>	<u>\$205,747</u>	(386,980)
Fund balance, beginning of year		<u>2,851,022</u>		<u>3,238,002</u>
Fund balance, end of year		<u>\$2,645,275</u>		<u>\$2,851,022</u>

County of Kendall Forest Preserve District

Project Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual

For the year ended November 30, 2014

(With Comparative Figures for 2013 as restated)

	2014			2013 Actual
	Final Budget	Actual	Variance with Final Budget	
Revenues:				
Miscellaneous	\$0	\$233,423	\$233,423	\$250
Total revenues	0	233,423	233,423	250
Expenditures	0	0	0	0
Net change in fund balance	<u>\$0</u>	233,423	<u>\$233,423</u>	250
Fund balance, beginning of year		<u>608,402</u>		<u>608,152</u>
Fund balance, end of year		<u>\$841,825</u>		<u>\$608,402</u>

County of Kendall Forest Preserve District

Capital Projects Fund - Series 2009

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual

For the year ended November 30, 2014

(With Comparative Figures for 2013 as restated)

	2014			2013
	Final Budget	Actual	Variance with Final Budget	Actual
Revenues -				
Interest income	\$0	\$43	\$43	\$54
Total revenues	0	43	43	54
Expenditures -				
Cultural and recreational -				
Project fund expenses	0	31,786	(31,786)	11,439
Total expenditures	0	31,786	(31,786)	11,439
Net change in fund balance	<u>\$0</u>	<u>(31,743)</u>	<u>\$31,829</u>	<u>(11,385)</u>
Fund balance, beginning of year		<u>51,316</u>		<u>62,701</u>
Fund balance, end of year		<u>\$19,573</u>		<u>\$51,316</u>

County of Kendall Forest Preserve District

Assessed Valuations, Tax Rates, Tax Extensions and Collections

	Tax Year				
	2009	2010	2011	2012	2013
Assessed valuations	\$3,365,125,621	\$3,172,454,510	\$2,917,287,004	\$2,670,163,229	\$2,526,688,052
Tax rates:					
General	0.0139	0.0153	0.0169	0.0191	0.0207
Bond and interest	0.0805	0.0889	0.1036	0.1305	0.1433
Totals	0.0944	0.1042	0.1205	0.1496	0.1640
Tax extensions:					
General	\$466,406	\$484,434	\$491,855	\$508,666	\$521,761
Bond and interest	2,709,936	2,818,726	3,022,601	3,483,762	3,621,755
Totals	\$3,176,342	\$3,303,160	\$3,514,456	\$3,992,428	\$4,143,516
Tax collections	\$3,169,457	\$3,300,434	\$3,514,607	\$3,965,132	\$4,134,140

**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 Commissioners
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, (the "District"), a component unit of the County of Kendall Illinois, as of and for the year ended November 30, 2014 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 9, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's 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 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 considered to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control that we consider to be significant deficiencies, which are described in the accompanying schedule of findings and responses as item 2014-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and that is described in the accompanying schedule of findings and responses as item 2014-002.

Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Sterling, Illinois
March 9, 2015

Kendall County Forest Preserve District, Illinois

Schedule of Findings and Responses

Section II – Financial Statements Findings

A. Internal Control

Finding 2014-001

Condition - Due to the complexity of several of the footnote disclosures, management does not currently possess the expertise to accurately prepare the financial statements and related disclosures for accuracy and completeness in accordance with accounting principles generally accepted in the United States of America.

Effects – The District relies on the external auditors to prepare the financial statements with footnote disclosures.

Cause – Due to the complexity of several of the footnote disclosures, management does not currently possess the expertise to accurately prepare the financial statements and related disclosures for accuracy and completeness in accordance with the accounting principles generally accepted in the United States of America.

Recommendation – It does not appear to be economically feasible to hire additional personnel to help prepare the financial statements and required footnote disclosures in accordance with accounting principles generally accepted in the United States of America. However, the District's management and the Board of Commissioner's close review of the financial statements and required footnotes prepared by the external auditors appears to be the most economical and appropriate manner to help ensure complete and proper financial reporting.

View of responsible officials and planned corrective actions – The District's management and the Board of Commissioner's close review of the financial statements and required footnotes prepared by the external auditors appears to be the most economical and appropriate manner to help ensure complete and proper financial reporting.

B. Compliance Finding

Finding 2014-002

Condition and Criteria – The District over expended its budget in the following funds during the fiscal year: General, Capital Projects Fund – Series 2007, and Capital Project Fund – Series 2009.

Cause – The District over expended its budget in the several funds during the fiscal year

Effects or Potential Effects – The District was not in compliance with state budgeting laws.

Auditor's Recommendation – The District in the future should be budgeting adequate resources to cover actual expenditures.

View of responsible officials and planned corrective actions – There is no anticipated completion date for this item.