

KENDALL COUNTY FOREST PRESERVE DISTRICT

KENDALL COUNTY, ILLINOIS

ANNUAL FINANCIAL REPORT

NOVEMBER 30, 2008

KENDALL COUNTY FOREST PRESERVE DISTRICT

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ECHOLS, MACK & ASSOCIATES, P.C.

Certified Public Accountants

CARRIE E. ECHOLS, CPA

TAWNYA R. MACK, CPA

Independent Auditors' Report

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

We have audited the accompanying basic financial statements of Kendall County Forest Preserve District as of and for the year ended November 30, 2008, as listed in the table of contents. We also have audited the financial statements of each of the Forest Preserve's nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended November 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 the *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Kendall County Forest Preserve District as of November 30, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 39 through 46, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated January 9, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Kendall County Forest Preserve's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Echols, Mack & Associates, P.C.

Echols, Mack & Associates, P.C.
Certified Public Accountants

Morris, Illinois
January 9, 2009

KENDALL COUNTY FOREST PRESERVE DISTRICT

Management's Discussion and Analysis - Unaudited November 30, 2008

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, 2008. Please read it in conjunction with the Kendall County Forest Preserve District's financial statements that begin on page 9.

FINANCIAL HIGHLIGHTS

- The District's total revenues were less than total expenditures, on the modified accrual basis of accounting, by \$22,726,310 for the year. All of the decreases are attributed to the District's governmental activities, more specifically the Capital Projects Funds 2007 and Bond and Interest 2007 due to project fund expenses.
- The District's General Fund ended the year with a balance of \$178,450 and the overall District ended the year with a balance of \$19,505,183.

USING THIS ANNUAL REPORT

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

Report Components

The report consists of five parts as follows:

Government-Wide Financial Statements: The Statement of Net Assets and the 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*, these statements tell how these services were financed in the short term as well as what remains for future spending.

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

Required Supplementary Information: This Management's Discussion and Analysis and the General Fund and Major Governmental Fund Budgetary Comparison Schedule 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 November 30, 2008

Other Supplementary Information: This part of the annual report includes optional financial information such as combining statements for nonmajor funds (which are added together and shown in the fund financial statements in a single column). 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 governmental-wide financial statements have elected to report information about the District using modified accrual basis of accounting which is generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues and expenses. Assets and liabilities are recorded when they are incurred.

Reporting the Kendall County Forest Preserve as a Whole

The Forest Preserve District's Entity Presentation.

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

The Governmental-Wide Statement of Net Assets and the Statement of Activities

Our financial analysis of the District as a whole begins on page 9. The government-wide financial statements are presented on pages 11 thru 13. One of the most important questions asked about the Forest Preserve's finances is, "Is the Forest Preserve as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Forest Preserve as a whole and about its activities in a way that helps answer this question. These statements include all of the Forest Preserve's assets and liabilities resulting from the use of the modified accrual basis of accounting.

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

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

In the governmental-wide financial statements, the District activities are categorized as: Government activities. The District's basic services are included here, such as preservation of county land and resources, and administration of the natural heritage of the county. Property Taxes finance most of these activities. The District has received a large grant from the Federal government to help implement the purchase of the Hoover Boy Scouts Camp.

KENDALL COUNTY FOREST PRESERVE DISTRICT

Management's Discussion and Analysis - Unaudited November 30, 2008

The Fund Financial Statements

The fund financial statements begin on page 28 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 you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the Forest Preserves programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements. The Forest Preserve considers the General Fund and the Capital Projects Series 2003 Fund to be its significant or major governmental funds. All other governmental funds are aggregated in a single column entitled nonmajor funds.

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, 2008, the Forest Preserve had \$55.02 million invested in capital assets, net of depreciation. This represents a net increase of \$29,875,458 over last year. See notes for more detail.

Primary Government Capital Assets (Net of accumulated depreciation)

	2007	2008
Land	\$ 24,560,402	54,390,403
Improvements	384,093	399,704
Buildings and improvements	188,101	170,986
Furniture and equipment	18,802	65,764
Artifacts and antiques	-	-
TOTALS	<u>25,151,398</u>	<u>55,026,857</u>

KENDALL COUNTY FOREST PRESERVE DISTRICT

Management's Discussion and Analysis - Unaudited
November 30, 2008

This year's most significant capital asset additions included:

Land	\$29,830,000
Improvements	\$ 63,837
Equipment	\$ 61,783

Long-Term Debt

At November 30, 2008, the Forest Preserve had \$49,435,000 in long-term debt compared to \$49,671,602, at November 30, 2007. See notes for more detail.

Primary Government Long-Term Debt

	<u>2007</u>	<u>2008</u>
General Obligation Bonds	49,667,000	49,435,000
Tractor Loan	4,602	-
TOTALS	<u>49,671,602</u>	<u>49,435,000</u>

General Fund Budgetary Highlights

The Board of Trustees did not amend the original budget during the year. For the year ended November 30, 2008, General Fund expenditures were \$554,576 and budgeted expenditures were \$572,302, making the General Fund under budget by \$17,726.

Economic Factors

For the fiscal year ending November 30, 2008, the Forest Preserve's budget will have greatly increased due to the \$45 million bond that was issued in the current fiscal year.

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.

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KENDALL COUNTY FOREST PRESERVE

Management's Discussion and Analysis - Unaudited
November 30, 2008

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

	Governmental Activities		Totals Percentage Change
	2008	2007	2007-2008
<u>Assets</u>			
Current and other assets	\$ 23,628,594	46,250,833	-48.91%
Capital Assets	55,026,857	25,151,399	118.78%
Total assets	<u>\$ 78,655,451</u>	<u>71,402,232</u>	<u>10.16%</u>
<u>Liabilities</u>			
Current liabilities	\$ 4,368,412	4,255,943	2.64%
Long-term debt outstanding	49,190,000	49,435,000	-0.50%
Total liabilities	<u>53,558,412</u>	<u>53,690,943</u>	<u>-0.25%</u>
<u>Net assets</u>			
Invested in capital assets, net of related debt	5,591,856	15,826,854	-64.67%
Restricted	19,359,970	1,787,568	983.03%
Unrestricted	145,213	96,867	49.91%
Total net assets	<u>\$ 25,097,039</u>	<u>17,711,289</u>	<u>41.70%</u>

KENDALL COUNTY FOREST PRESERVE

Management's Discussion and Analysis - Unaudited
November 30, 2008

Changes in Net Assets--Modified Accrual Basis

For the year ended November 30, 2008, net assets of the District
 (resulting from modified accrual basis transactions) changed as follows:

	Governmental Activities		Total Percentage Change
	2008	2007	2007-2008
Revenues			
Program revenues			
Fees and charges for services	\$ 62,059	143,869	-56.86%
Operating grants and contributions	6,433,400	386,000	1566.68%
Capital grants	-	-	0.00%
General revenues			
Taxes	3,921,426	765,654	412.17%
Investment income	391,532	1,020,115	-61.62%
Donations	2,814	71,455	N/A
Project fund	1,108,484	1,784,465	N/A
Intergovernmental revenue	-	-	0.00%
Corporation for Open Lands	-	4,521,341	N/A
Miscellaneous	484	654	N/A
Total Revenues	11,920,200	8,693,553	37.12%
Expenses			
General government			
Cultural & Recreation	1,030,122	1,283,767	-19.76%
Interest Expense	3,504,328	168,955	1974.12%
Total Expenses	4,534,450	1,452,722	212.13%
Excess (deficiency) before transfers	7,385,750	7,240,831	2.00%
Transfers	-	-	0.00%
Change in net assets	7,385,750	7,240,831	2.00%
Beginning net assets	17,711,289	10,470,458	69.15%
Ending net assets	25,097,039	17,711,289	41.70%

Statement of Net Assets - Modified Accrual Basis
Government-Wide Funds
November 30, 2008

	Primary Government		
	Governmental	Total	
	Activities	2008	2007
<u>Assets</u>			
Cash	\$ 20,538,609	20,538,609	42,319,303
Taxes Receivable	3,089,987	3,089,987	3,931,530
Grant Receivable	-	-	-
Capital Assets			
Land	54,390,403	54,390,403	24,560,403
Improvements	964,529	964,529	900,692
Buildings	342,288	342,288	342,288
Equipment	259,703	259,703	197,920
Artifacts	30,280	30,280	30,280
Accumulated Depreciation	(960,346)	(960,346)	(880,184)
Total assets	<u>\$ 78,655,451</u>	<u>78,655,451</u>	<u>71,402,232</u>
<u>Liabilities</u>			
Current liabilities			
Accounts payable	\$ 1,566	1,566	6,208
Accrued interest	1,020,601	1,020,601	70,345
Due to other funds	11,258	11,258	11,258
Deferred revenue	3,089,987	3,089,987	3,931,530
Due within one year	245,000	245,000	236,602
Long-Term liabilities			
Due in more than one year	49,190,000	49,190,000	49,435,000
Total liabilities	<u>53,558,412</u>	<u>53,558,412</u>	<u>53,690,943</u>
<u>Net Assets</u>			
Invested in capital assets, net of related debt	5,591,856	5,591,856	15,826,854
Restricted for:			
Capital projects	17,909,551	17,909,551	120,928
Debt service	1,417,182	1,417,182	1,634,130
Land acquisition	33,237	33,237	32,510
Unrestricted	145,213	145,213	96,867
Total net assets	<u>\$ 25,097,039</u>	<u>25,097,039</u>	<u>17,711,289</u>

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

KENDALL COUNTY FOREST PRESERVE DISTRICT

Statement of Activities - Modified Accrual Basis
 Government-Wide Funds
 For Year Ended November 30, 2008

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	Governmental Activities	2008	2007
Governmental activities:							
Cultural & Recreation	\$ 1,030,121	62,059	6,433,400	-	5,465,338	5,465,338	(753,898)
Unallocated Interest expense	3,504,328	-	-	-	(3,504,328)	(3,504,328)	(168,955)
Total governmental activities	4,534,449	62,059	6,433,400	-	1,961,010	1,961,010	(922,853)
Total government	\$ 4,534,449	62,059	6,433,400	-	1,961,010	1,961,010	(922,853)
General revenues							
Taxes:							
					3,921,426	3,921,426	765,654
					-	-	-
					391,532	391,532	1,020,115
					2,814	2,814	71,455
					1,108,484	1,108,484	1,784,465
					-	-	4,521,341
					484	484	654
					-	-	-
					5,424,740	5,424,740	8,163,684
					7,385,750	7,385,750	7,240,831
					17,711,289	17,711,289	10,470,458
					25,097,039	25,097,039	17,711,289

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

KENDALL COUNTY FOREST PRESERVE DISTRICT

STATEMENT C

Balance Sheet - Modified Accrual Basis
 Governmental Funds
 November 30, 2008

	General Fund	Bond and Interest Series 2007	Bond and Interest Series 2003	Capital Projects Series 2007	Non-Major Governmental Funds	Total Governmental Funds	
						2008	2007
<u>Assets</u>							
Cash	\$ 191,274	2,091,611	276,077	17,909,551	70,096	20,538,609	42,319,303
Property taxes receivable	455,847	2,287,375	346,765	-	-	3,089,987	3,931,530
Grant Receivable	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Total Assets	\$ 647,121	4,378,986	622,842	17,909,551	70,096	23,628,596	46,250,833
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	\$ 1,566	-	-	-	-	1,566	6,208
Accrued interest	-	953,072	66,248	-	1,282	1,020,602	70,345
Due to other funds	11,258	-	-	-	-	11,258	11,258
Deferred revenue	455,847	2,287,375	346,765	-	-	3,089,987	3,931,530
Total liabilities	468,671	3,240,447	413,013	-	1,282	4,123,413	4,019,341
Fund Balances:							
Reserved for							
Debt service funds	-	1,138,539	209,829	-	68,814	1,417,182	1,634,130
Capital project funds	-	-	-	17,909,551	-	17,909,551	40,467,985
Land acquisition	33,237	-	-	-	-	33,237	32,510
Unreserved, reported in General funds	145,213	-	-	-	-	145,213	96,867
Total Fund Balances	178,450	1,138,539	209,829	17,909,551	68,814	19,505,183	42,231,492
Total Liabilities and Fund Balances	\$ 647,121	4,378,986	622,842	17,909,551	70,096		

Reconciliation to Statement of Net Assets:

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities of \$55,987,201 (net of accumulated depreciation of \$960,346) are not financial resources and, therefore, are not reported in the funds.	55,026,856	25,151,399
Some liabilities, including capital debt obligations payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(49,435,000)	(49,671,602)
Net assets of governmental activities	25,097,039	17,711,289

KENDALL COUNTY FOREST PRESERVE

STATEMENT D

Statement of Revenues, Expenditures, and Changes in Fund Balances-
Modified Accrual Basis
Governmental Funds
For the Year Ended November 30, 2008

	General Fund	Bond and Interest Series 2007	Bond and Interest Series 2003	Capital Projects Series 2007	Non-Major Governmental Funds	Total Governmental Funds 2008	2007
<u>Revenues</u>							
Property Taxes	\$ 412,781	3,106,555	335,777	-	66,313	3,921,426	765,654
Grant income	7,000	-	-	6,426,400	-	6,433,400	386,000
Fees and charges for services	18,054	-	-	-	-	18,054	23,787
Investment income	1,430	8,021	2,112	379,012	957	391,532	1,020,115
Rental income	44,005	-	-	-	-	44,005	120,082
Project fund	117,081	-	-	991,403	-	1,108,484	1,784,465
Donations	2,814	-	-	-	-	2,814	71,455
Miscellaneous	484	-	-	-	-	484	654
Total Revenues	603,649	3,114,576	337,889	7,796,815	67,270	11,920,199	4,172,212
<u>Expenditures</u>							
Current							
Cultural and Recreational	541,097	-	-	358,711	-	899,808	7,742,976
Capital outlay	8,877	-	-	29,996,894	-	30,005,771	22,719
Debt service							
Interest expense	-	3,342,108	159,314	-	2,906	3,504,328	168,955
Principal	4,602	-	170,000	-	62,000	236,602	227,516
Total Expenditures	554,576	3,342,108	329,314	30,355,605	64,906	34,646,509	8,162,166
Excess (deficiency) of revenues over expenditures	49,073	(227,532)	8,575	(22,558,790)	2,364	(22,726,310)	(3,989,954)
<u>Other Financing Sources (Uses):</u>							
Bond proceeds	-	-	-	-	-	-	45,000,000
Transfers in	-	-	-	121,284	-	121,284	2,129,518
Transfers out	-	-	-	-	(121,284)	(121,284)	(2,129,518)
Total Other Financing Sources (Uses)	-	-	-	121,284	(121,284)	-	45,000,000
Net change in fund balances	49,073	(227,532)	8,575	(22,437,506)	(118,920)	(22,726,310)	41,010,046
Fund balances - beginning	129,377	1,366,071	201,254	40,347,057	187,734	42,231,493	1,221,446
Fund balances - ending	\$ 178,450	1,138,539	209,829	17,909,551	68,814	19,505,183	42,231,492

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

KENDALL COUNTY FOREST PRESERVE
Statement of Revenues, Expenditures, and Changes in Fund Balances-
Modified Accrual Basis
Governmental Funds
For the Fiscal Year Ended November 30, 2008

STATEMENT D
(CONTINUED)

(Continued)

Reconciliation to the Statement of Activities:

Net Change in Fund Balances - total governmental funds	\$	(22,726,310)
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

Capital debt obligation principal payments		236,602
--	--	---------

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

Capital debt proceeds		-
-----------------------	--	---

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 purchase and decreased by depreciation expense.

Capital asset purchases capitalized		29,955,621
Depreciation		(80,162)

Change in net assets of governmental activities (Statement B)	\$	<u>7,385,750</u>
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The Notes to Financial Statements are an integral part of this statement.

KENDALL COUNTY FOREST PRESERVE DISTRICT

Notes to Financial Statements

November 30, 2008

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

A. Financial Reporting Entity

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

Governmental Unit: Kendall County Forest Preserve

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 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

Government-Wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund balance, revenues, and expenditures. Funds are organized into one major category: governmental. The Forest Preserve has no fiduciary funds.

KENDALL COUNTY FOREST PRESERVE DISTRICT

Notes to Financial Statements

November 30, 2008

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (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 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 is 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 two are reported as major funds.

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

Capital Project Funds

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

- Capital Projects Fund - Series 2003
- Capital Projects Fund - Series 2007

KENDALL COUNTY FOREST PRESERVE DISTRICT

Notes to Financial Statements

November 30, 2008

Note 1: Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting

Measurement Focus

In the government-wide Statement of Net Assets and the Statement of Activities, the governmental activities are presented using the economic resources measurement focus, within the accrual basis of accounting.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus, as applied to the accrual cash basis of accounting, is used as appropriate.

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

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of activities and fund financial statements the governmental activities are presented using a modified accrual basis of accounting, which is the generally accepted accounting principles (GAAP) used in the United States of America. This basis recognizes assets, liabilities, net assets/fund equity, revenues, and expenditures/expenses when they result from cash transactions 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
November 30, 2008

Note 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Fund Balance

Investments

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

Capital Assets

The Forest Preserve modified accrual basis of accounting reports capital assets at cost and reports depreciation where appropriate.

Government-Wide Statements

In the government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable.

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$500 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

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 arising from cash transactions 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.

Long-term Debt

All long-term debt arising from cash basis transactions to be repaid from governmental resources is reported as liabilities in the government-wide statements.

KENDALL COUNTY FOREST PRESERVE DISTRICT

Notes to Financial Statements
November 30, 2008

Note 1: Summary of Significant Accounting Policies (Continued)

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

Long-term debt arising from cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

Fund Balance Classification

Government-Wide Statements

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

- a. Invested in capital assets, net of related debt—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net assets—Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets—All other net assets that do not meet the definitions of “restricted” or “invested in capital assets, net of related debt.”

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Revenues and Expenditures

Program Revenues

In the Statement of Activities, modified cash basis 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
November 30, 2008

Note 1: Summary of Significant Accounting Policies (Continued)

F. Use of Estimates

The preparation of financial statements in conformity with the modified accrual basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported period. Actual results could differ from those estimates.

G. Budgets and Budgetary Accounting

The District utilizes the estimated revenues and appropriation ordinance as a management control device. The appropriation ordinance amounts were passed by the District on December 18, 2007. The largest variance of budget to actual was due to grant expenditures not included in the budget. In addition, actual exceeded budget for salaries, equipment maintenance and repairs, and supplies. A budget was not adopted for the Capital Projects Funds or the Bond and Interest Fund - Series 2007.

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 does not have a deposit policy for custodial credit risk. At November 30, 2008, the carrying amount of the District's deposits was \$20,538,609 and the bank balance was \$20,428,227. 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	20,238,609	20,128,227
Category #3	<u>300,000</u>	<u>300,000</u>
Total	<u>\$ 20,538,609</u>	<u>20,428,227</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.

KENDALL COUNTY FOREST PRESERVE DISTRICT

Notes to Financial Statements
November 30, 2008

Note 3: Restricted Assets

The amounts reported as restricted assets are composed of amounts held for debt service retirement of the general obligation bonds and for capital projects are as follows:

	<u>Amount Reserved</u>
Debt Service Funds:	
Bond and Interest Fund - Series 2001	\$ 68,814
Bond and Interest Fund - Series 2003	209,829
Bond and Interest Fund - Series 2007	1,138,539
Total	\$ 1,417,182
Capital Project Funds:	
Capital Projects Fund - Series 2001	\$ -
Capital Projects Fund - Series 2003	-
Capital Projects Fund - Series 2007	17,909,551
Total	\$ 17,909,551

Note 4: Expenditures Exceeded Appropriations

The General Fund was under budget for the current fiscal year by \$17,726.

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 2.875%. The District's legal debt margin limitation is as follows for the fiscal year ended November 30, 2008:

Assessed valuation (2007)	\$ 3,044,546,911
Statutory debt limitation (2.875%)	\$ 87,530,724
Amount of debt applicable to debt limitation	49,435,000
Legal Debt Margin	\$ 38,095,724

Note 6: Change in Fixed Assets

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

KENDALL COUNTY FOREST PRESERVE DISTRICT

Notes to Financial Statements
November 30, 2008

Note 6: Change in Fixed Assets (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Non-depreciable assets				
Land	\$24,560,403	29,830,000	-	54,390,403
Total non-depreciable assets	24,560,403	29,830,000	-	54,390,403
Depreciable assets				
Improvements	900,692	63,837	-	964,529
Buildings	342,288	-	-	342,288
Equipment	197,920	61,783	-	259,703
Artifacts and antiques	30,280	-	-	30,280
Total depreciable assets	1,471,180	125,620	-	1,596,800
Accumulated depreciation				
Improvements	516,599	48,226	-	564,825
Buildings	154,187	17,115	-	171,302
Equipment	179,118	14,821	-	193,939
Artifacts and antiques	30,280	-	-	30,280
Total accumulated depreciation	880,184	80,162	-	960,346
Net fixed assets	<u>\$25,151,399</u>	<u>29,875,458</u>	<u>-</u>	<u>55,026,857</u>

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

Note 7: Long-Term Debt

The following is a summary of general long-term debt transactions of the District for the year ended November 30, 2008.

KENDALL COUNTY FOREST PRESERVE DISTRICT

Notes to Financial Statements
November 30, 2008

Note 7: Long-Term Debt (Continued)

	Payable at December 1, 2007	Debt Issued	Bonds Retired/Refunded	Payable at November 30, 2008	Due Within One Year
General Obligation					
Series 2001	\$ 127,000	-	62,000	65,000	65,000
Series 2003	4,540,000	-	170,000	4,370,000	180,000
Series 2007	45,000,000	-	-	45,000,000	-
Loans					
Kubota Credit Corp	4,602	-	4,602	-	-
Total	\$ 49,671,602	-	236,602	49,435,000	245,000

A. Bond Series 2001

The Board of Commissioners of the Kendall County Forest Preserve District authorized issuance of \$402,000 in General Obligation Limited Tax Bonds, Series 2001, dated December 10, 2002.

The revenue received from the sale of these bonds will be used for financing acquisition costs of land located in the Fox River watershed and the cost of capital improvements at the Maramech, Newark, Subat, and Baker Forest Preserves and the Route 47 Rest Stop.

Each bond Series 2001 bears interest at the rate of 4.30% per annum beginning on December 15, 2002 and then semi-annually thereafter on each June 15 and December 15.

The bonds shall mature on December 15 in each year as follows:

Period Ending	Principal	Interest	Payments
12/15/2008	65,000	1,398	66,398
	\$ 65,000	1,398	66,398

B. Bond Series 2003

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

KENDALL COUNTY FOREST PRESERVE DISTRICT

Notes to Financial Statements
November 30, 2008

Note 7: Long-Term Debt (Continued)

B. Bond Series 2003 (Continued)

The bonds shall mature each year as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
11/30/09	180,000	156,746	336,746
11/30/10	195,000	151,766	346,766
11/30/11	205,000	145,961	350,961
11/30/12	220,000	139,476	359,476
11/30/13	235,000	132,306	367,306
11/30/14	250,000	124,358	374,358
11/30/15	265,000	115,665	380,665
11/30/16	280,000	106,260	386,260
11/30/17	300,000	95,960	395,960
11/30/18	320,000	84,640	404,640
11/30/19	335,000	71,843	406,843
11/30/20	360,000	57,606	417,606
11/30/21	385,000	42,333	427,333
11/30/22	405,000	26,138	431,138
11/30/23	435,000	8,918	443,918
	<u>\$4,370,000</u>	<u>1,459,974</u>	<u>5,829,974</u>

C. Bond Series 2007

The Board of Commissioners of the Kendall County Forest Preserve District authorized issuance of \$45,000,000 in General Obligation Limited Tax Bonds, Series 2007, dated July 15, 2007. The revenue received from the sale of these bonds will be used to acquire and develop land.

KENDALL COUNTY FOREST PRESERVE DISTRICT

Notes to Financial Statements

November 30, 2008

Note 7: Long-Term Debt (Continued)

C. Bond Series 2007 (Continued)

The bonds shall each year as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
2009	-	2,287,375	2,287,375
2010	-	2,287,375	2,287,375
2011	-	2,287,375	2,287,375
2012	100,000	2,287,375	2,387,375
2013	300,000	2,283,125	2,583,125
2014	500,000	2,270,375	2,770,375
2015	1,000,000	2,249,125	3,249,125
2016	1,500,000	2,204,125	3,704,125
2017	1,700,000	2,136,625	3,836,625
2018	2,100,000	2,060,125	4,160,125
2019	2,500,000	1,955,125	4,455,125
2020	2,750,000	1,830,125	4,580,125
2021	3,000,000	1,692,625	4,692,625
2022	3,500,000	1,542,625	5,042,625
2023	4,000,000	1,367,625	5,367,625
2024	5,000,000	1,157,625	6,157,625
2025	5,100,000	895,125	5,995,125
2026	5,600,000	627,375	6,227,375
2027	6,350,000	333,375	6,683,375
	<u>45,000,000</u>	<u>33,754,625</u>	<u>78,754,625</u>

KENDALL COUNTY FOREST PRESERVE DISTRICT

Notes to Financial Statements
November 30, 2008

Note 8: Transfers

The following transfers were made during the current fiscal year:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General	\$ -	-
Capital Projects - Series 2007	121,284	-
Non-Major Funds:		
Bond and Interest - 2007	-	-
Capital Projects - Series 2003	-	121,284
Capital Projects - Series 2001	-	-
	<u> </u>	<u> </u>
Totals	<u>\$ 121,284</u>	<u>121,284</u>

Note 9: 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 2007 property tax levy ordinance was adopted on November 30, 2007. The amount of the 2007 tax levy was \$3,933,578, of which \$3,921,426 was received in the current fiscal year. The 2008 tax levy in the amount of \$3,089,987 will be received in subsequent tax year. A significant amount of these taxes are received in June and September.

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

Note 10: Employee Pensions and Other Benefits

A. Illinois Municipal Retirement Fund

The County's multiple-employer defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

KENDALL COUNTY FOREST PRESERVE DISTRICT

Notes to Financial Statements
November 30, 2008

Note 10: Employee Pensions and Other Benefits (Continued)

A. Illinois Municipal Retirement Fund (Continued)

IMRF issues a financial report that includes financial statements and required supplementary information. The report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.5% of their annual covered salary. The member rate is established by state statute. The County is required to contribute at an actuarially determined rate. The employer rate for calendar year 2007 was 9.26% of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2007 was 25 years.

For December 31, 2007, the County's annual pension cost of \$769,716 was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2005 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2007 actuarial valuation were based on the 2002-2004 experience study.

TREND INFORMATION

Actuarial Valuation <u>Date</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
12/31/07	\$769,716	100%	\$0
12/31/06	739,235	100	0
12/31/05	626,375	100	0
12/31/04	573,161	100	0
12/31/03	388,908	100	0
12/31/02	336,131	100	0
12/31/01	309,350	100	0
12/31/00	351,208	100	0
12/31/99	352,083	100	0
12/31/98	336,254	100	0
12/31/97	329,354	100	0

KENDALL COUNTY FOREST PRESERVE DISTRICT

Notes to Financial Statements
November 30, 2008

Note 10: Employee Pensions and Other Benefits (Continued)

B. Accumulated Unpaid Vacations and Other Employee Benefits

Accumulated unpaid vacation and other employee benefits are not accrued in governmental funds. As of November 30, 2008, there were no accumulated unused vacation and other employee benefits.

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.

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: Contingencies

Grant Program Involvement

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

KENDALL COUNTY FOREST PRESERVE DISTRICT
GENERAL FUND

SCHEDULE A-1

Balance Sheet
November 30, 2008

Assets

Cash in bank	\$	158,037
Cash in bank - land acquisition		33,237
Property tax receivable		<u>455,847</u>
Total assets	\$	<u><u>647,121</u></u>

Liabilities and Fund Balance

Liabilities:

Accounts payable	\$	1,566
Deferred property tax revenue		455,847
Due to County General Fund		<u>11,258</u>
Total liabilities		468,671

Fund Balance:

Reserve for land acquisition		33,237
Unreserved fund balance		<u>145,213</u>
Total fund balance		<u>178,450</u>
Total liabilities and fund balance	\$	<u><u>647,121</u></u>

KENDALL COUNTY FOREST PRESERVE DISTRICT
GENERAL FUND

SCHEDULE A-2

Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended November 30, 2008
(With Comparative Figures for 2007)

	Original & Final Budget	Year Ended November 30,	
		2008	2007
Revenues:			
Property taxes	412,772	412,781	368,743
Interest income	1,500	1,430	2,570
Grant income - State	-	7,000	-
Grant income - Federal	-	-	386,000
Program fees	13,000	12,044	17,017
Court House rental	30,000	44,005	43,417
Reservations	5,000	6,010	6,770
Land Cash	-	-	55,000
Donations	-	2,814	16,455
Farm License Revenue	-	99,526	-
Hoover Revenue	110,000	17,555	-
Other income	200	484	654
Total revenue	572,472	603,649	896,626
Expenditures:			
Salaries	246,690	248,342	219,634
IMRF/SS	44,000	43,631	13,800
Equipment and building - maintenance and repairs	8,000	9,241	10,486
Gas for heating	2,000	3,488	1,399
Electricity	2,000	1,691	1,499
Insurance	15,000	13,395	13,394
Telephone	4,100	4,256	3,498
Supplies & postage	7,500	8,234	9,062
Fuel	8,500	14,696	7,471
Dues & Subscriptions	1,250	866	1,295
Audit	3,000	3,000	1,500
Refuse removal	8,500	8,303	5,108
Capital outlay	-	13,479	30,235
Contingency	2,500	2,215	4,332
Contractual services	10,750	10,748	12,064
Environmental education	20,000	16,658	18,198
Supplies shop	8,000	9,318	6,535
Natural area mgmt supplies	3,500	2,351	1,590

KENDALL COUNTY FOREST PRESERVE DISTRICT
GENERAL FUND

SCHEDULE A-2
(CONTINUED)

Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended November 30, 2008
(With Comparative Figures for 2007)

	Original & Final Budget	Year Ended November 30,	
		2008	2007
Expenditures: (Cont.)			
Medical insurance reimb	30,000	31,394	24,966
Federal museum grant	-	-	-
Volunteer expenses	1,000	957	675
NHC - Salaries	48,712	47,843	-
NHC expenses	400	-	500
NHC contingency	400	-	-
Conferences	2,000	1,600	1,052
Legal publications	500	230	407
Promotion and publicity	12,000	5,608	5,959
John Phillips Memorial	-	-	-
Contributions	1,500	1,500	7,500
Preserve improvement	15,000	8,728	66,986
Preserve improvement-grant	-	650	3,037
CW grant	-	-	-
Land acquisition	-	-	150,000
Hoover Utilities and Maintenance	35,000	40,666	-
Interest expense	-	-	300
Law enforcement	500	-	-
Court house	30,000	1,488	4,490
Total expenditures	572,302	554,576	626,972
Excess of revenues over (under) expenditures	170	49,073	269,654
Other financing sources (uses)			
Transfers to Capital Projects 2003	-	-	(750,000)
Transfers from County Insurance Fund	-	-	-
Transfers from County Land Cash Fund	-	-	-
Total other financing sources (uses)	-	-	(750,000)
Net Change in Fund Balance	\$ 170	49,073	(480,346)
Fund balance, beginning of year		129,377	609,723
Fund balance, end of year		178,450	129,377

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

Balance Sheet
November 30, 2008

Assets

Cash in bank	\$ 2,091,611
Property taxes receivable	<u>2,287,375</u>
Total assets	<u>\$ 4,378,986</u>

Liabilities and Fund Balance

<u>Liabilities</u>	
Deferred property tax revenue	\$ 2,287,375
Accrued Interest	<u>953,072</u>
Total Liabilities	3,240,447
Fund balance	<u>1,138,539</u>
Total liabilities and fund balance	<u>\$ 4,378,986</u>

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

Statement of Revenues, Expenditures and
Changes in Fund Balance
Year Ended November 30, 2008
(With Comparative Figures for 2007)

	Original & Final Budget	Year Ended November 30,	
		2008	2007
Revenues:			
Property Tax	\$ 3,115,615	3,106,555	-
Interest income	194,725	8,021	-
Total revenue	<u>3,310,340</u>	<u>3,114,576</u>	<u>-</u>
Expenditures:			
Interest	2,389,036	3,342,108	-
Capital projects	-	-	-
Total expenditures	<u>2,389,036</u>	<u>3,342,108</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>\$ 921,304</u>	(227,532)	-
Other financing sources (uses)			
Transfer in		-	1,366,071
Net change in fund balance		(227,532)	1,366,071
Fund balance, beginning of year		1,366,071	-
Fund balance, end of year		<u>1,138,539</u>	<u>1,366,071</u>

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

SCHEDULE B-3

Balance Sheet
November 30, 2008

<u>Assets</u>	
Cash in bank	\$ 276,077
Property taxes receivable	<u>346,765</u>
Total assets	<u>\$ 622,842</u>
 <u>Liabilities and Fund Balance</u>	
Liabilities	
Accrued interest	\$ 66,248
Deferred property tax revenue	<u>346,765</u>
Total liabilities	413,013
Fund balance	
Reserve for debt service	<u>209,829</u>
Total liabilities and fund balance	<u>\$ 622,842</u>

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

Statement of Revenues, Expenditures and
 Changes in Fund Balance
Year Ended November 30, 2008
 (With Comparative Figures for 2007)

	Original & Final Budget	Year Ended November 30,	
		2008	2007
Revenues:			
Property taxes	\$ 336,745	335,777	329,436
Interest income	-	2,112	1,061
Total revenue	336,745	337,889	330,497
Expenditures:			
Debt service - principal	170,000	170,000	160,000
Debt service - interest	160,908	159,314	163,087
Total expenditures	330,908	329,314	323,087
Excess of revenues over (under) expenditures	<u>\$ 5,838</u>	8,575	7,410
Fund balance, beginning of year		201,254	193,844
Fund balance, end of year		<u>209,829</u>	<u>201,254</u>

KENDALL COUNTY FOREST PRESERVE DISTRICT
CAPITAL PROJECTS FUND - SERIES 2007

Balance Sheet
November 30, 2008

Assets

Cash in bank	<u>\$ 17,909,551</u>
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Liabilities and Fund Balance

Liabilities

Accounts payable

Fund balance	<u>17,909,551</u>
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Total liabilities and fund balance	<u>\$ 17,909,551</u>
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KENDALL COUNTY FOREST PRESERVE DISTRICT
 CAPITAL PROJECTS FUND - SERIES 2007

Statement of Revenues, Expenditures and
 Changes in Fund Balance
Year Ended November 30, 2008
 (With Comparative Figures for 2007)

	Original & Final Budget	Year Ended November 30,	
		2008	2007
Revenues:			
Project fund revenue	\$ -	991,403	1,784,465
Grant revenue	-	6,426,400	-
Interest income	-	379,012	999,576
Total revenue	-	7,796,815	2,784,041
Expenditures:			
Cost of issuance	-	-	95,524
Insurance	-	-	152,800
Land acquisition	-	29,830,000	-
Capital outlay	-	166,894	-
Project fund expense	-	358,711	5,822,589
Total expenditures	-	30,355,605	6,070,913
Excess of revenues over (under) expenditures	-	(22,558,790)	(3,286,872)
Other financing sources (uses)			
Bond proceeds	-	-	45,000,000
Transfer in (out)	-	121,284	(1,366,071)
Total other financing sources (uses)	-	121,284	43,633,929
Net change in fund balance	\$ -	(22,437,506)	40,347,057
Fund balance, beginning of year		40,347,057	-
Fund balance, end of year		17,909,551	40,347,057

KENDALL COUNTY FOREST PRESERVE DISTRICT
NON-MAJOR GOVERNMENTAL FUNDS

SCHEDULE D-1

Combining Balance Sheet
November 30, 2008

	Debt Service	Capital Projects		Total Non-Major Governmental Funds	
	Bond and Interest Series 2001	Series 2003	Series 2001	2008	2007
<u>Assets</u>					
Cash in bank	\$ 70,096	-	-	70,096	69,308
Property taxes receivable	-	-	-	-	66,398
Total assets	70,096	-	-	70,096	135,706
<u>Liabilities and Fund Balance</u>					
Liabilities:					
Accrued interest	\$ 1,282	-	-	1,282	2,503
Deferred property tax revenue	-	-	-	-	66,398
Total liabilities	1,282	-	-	1,282	68,901
Fund balance:					
Reserve for debt service	68,814	-	-	68,814	66,805
Reserve for capital projects	-	-	-	-	-
Total fund balance	68,814	-	-	68,814	66,805
Total liabilities and fund balance	\$ 70,096	-	-	70,096	135,706

KENDALL COUNTY FOREST PRESERVE DISTRICT
NON-MAJOR GOVERNMENTAL FUNDS

SCHEDULE D-2

Combined Statement of Revenues, Expenditures and
Changes in Fund Balance
Year Ended November 30, 2008

	Debt Service	Capital Projects		Total Non-Major Governmental Funds	
	Bond and Interest Series 2001	Series 2003	Series 2001	2008	2007
Revenues:					
Property taxes	\$ 66,313	-	-	66,313	67,475
Interest income	602	355	-	957	1,251
Total revenue	66,915	355	-	67,270	68,726
Expenditures:					
Principal	62,000	-	-	62,000	60,000
Interest	2,906	-	-	2,906	5,568
Total expenditures	64,906	-	-	64,906	65,568
Excess of revenues over (under) expenditures	2,009	355	-	2,364	3,158
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	(121,284)	-	(121,284)	(13,447)
Total other financing sources and uses	-	(121,284)	-	(121,284)	(13,447)
Net change in fund balance	2,009	(120,929)	-	(118,920)	(10,289)
Fund balance, beginning of year	66,805	120,929	-	187,734	77,094
Fund balance, end of year	\$ 68,814	-	-	68,814	66,805

KENDALL COUNTY FOREST PRESERVE DISTRICT
BOND AND INTEREST FUND - SERIES 2001

SCHEDULE D-3

Balance Sheet
November 30, 2008

Assets

Cash in bank	\$	70,096
Property tax receivable		-
		<hr/>
Total assets	\$	<u>70,096</u>

Liabilities and Fund Balance

Liabilities:		
Accrued interest	\$	1,282
Deferred property tax revenue		-
		<hr/>
Total liabilities		1,282
Fund Balance:		
Reserve for debt service		68,814
		<hr/>
Total liabilities and fund balance	\$	<u>70,096</u>

KENDALL COUNTY FOREST PRESERVE DISTRICT
 BOND AND INTEREST FUND - SERIES 2001

SCHEDULE D-4

Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Year Ended November 30, 2008
 (With Comparative Figures for 2007)

	Original & Final Budget	Year Ended November 30,	
		2008	2007
Revenues:			
Property taxes	\$ 66,398	66,313	67,475
Interest income	-	602	978
Total revenue	66,398	66,915	68,453
Expenditures:			
Debt service - principal	62,000	62,000	60,000
Debt service - interest	4,128	2,906	5,568
Total expenditures	66,128	64,906	65,568
Excess of revenues over (under) expenditures	\$ 270	2,009	2,885
Fund balance, beginning of year		66,805	63,920
Fund balance, end of year		68,814	66,805

KENDALL COUNTY FOREST PRESERVE DISTRICT
CAPITAL PROJECTS FUND - SERIES 2003

SCHEDULE D-5

Balance Sheet
November 30, 2008

Assets

Cash in bank

\$ -

Fund Balance

Fund balance

 -

KENDALL COUNTY FOREST PRESERVE DISTRICT
 CAPITAL PROJECTS FUND - SERIES 2003

SCHEDULE D-6

Statement of Revenues, Expenditures and
 Changes in Fund Balance
Year Ended November 30, 2008
 (With Comparative Figures for 2007)

	Original & Final Budget	Year Ended November 30,	
		2008	2007
Revenues:			
Rental income	\$ -	-	76,665
Interest income	-	355	15,657
Total revenue	-	355	92,322
Expenditures:			
Lease interest expense	-	-	-
Project fund expense	-	-	1,075,626
Total expenditures	-	-	1,075,626
Excess of revenues over (under) expenditures	-	355	(983,304)
Other financing sources (uses)			
Transfer to Capital Projects 2007	-	(121,284)	-
Transfer from General Fund	-	-	750,000
Transfer from Capital Projects 2001	-	-	13,447
Total other financing sources (uses)	-	(121,284)	763,447
Net change in fund balance	\$ -	(120,929)	(219,857)
Fund balance, beginning of year		120,929	340,786
Fund balance, end of year		-	120,929

KENDALL COUNTY FOREST PRESERVE DISTRICT
 CAPITAL PROJECTS FUND - SERIES 2001

SCHEDULE D-8

Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Year Ended November 30, 2008
 (With Comparative Figures for 2007)

	Original & Final Budget	Year Ended November 30,	
		2008	2007
Revenues:			
Interest income	\$ -	-	273
Total revenue	-	-	273
Expenditures:			
Capital projects	-	-	-
Total expenditures	-	-	-
Excess of revenues over (under) expenditures	\$ -	-	273
Other financing sources (uses)			
Transfer out		-	(13,447)
Net change in fund balance		-	(13,174)
Fund balance, beginning of year		-	13,174
Fund balance, end of year		-	-

KENDALL COUNTY FOREST PRESERVE

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ration (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2007	15,000,035	16,048,726	1,048,691	93.47%	8,312,265	12.62%
12/31/2006	13,288,021	14,613,167	1,325,146	90.93%	7,474,569	17.73%
12/31/2005	11,980,541	12,904,896	924,355	92.84%	6,699,197	13.80%
12/31/2004	11,252,734	12,594,920	1,342,186	89.34%	6,469,086	20.75%
12/31/2003	10,352,748	11,129,363	776,615	93.02%	5,804,593	13.38%
12/31/2002	9,818,254	9,986,416	168,162	98.32%	5,301,753	3.17%
12/31/2001	9,826,122	8,984,415	(841,707)	109.37%	4,535,927	0.00%
12/31/2000	8,668,524	7,840,489	(828,035)	110.56%	4,036,877	0.00%
12/31/1999	7,236,463	6,775,371	(461,092)	106.81%	3,648,536	0.00%
12/31/1998	5,602,033	6,055,764	453,731	92.51%	3,462,968	13.10%
12/31/1997	5,091,607	6,104,289	1,012,682	83.41%	3,356,548	30.17%

On a market value basis, the actuarial value of assets as of December 31, 2007 is \$15,989,130. On a market basis, the funded ration would be 99.63%.

***Digest of Changes**

The actuarial assumptions used to determine the actuarial accrued liability for 2007 are based on the 2002-2004 Experience Study.

The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- For Regular members, fewer normal and more early retirements are expected to occur.

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

SCHEDULE 1

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Assessed valuations	<u>1,821,907,832</u>	<u>2,132,577,040</u>	<u>2,562,012,897</u>	<u>3,044,564,911</u>
Tax rates:				
General	0.0154	0.0151	0.0144	0.0136
Bond and interest	<u>0.0213</u>	<u>0.0184</u>	<u>0.0155</u>	<u>0.1156</u>
Totals	<u>0.03679</u>	<u>0.03350</u>	<u>0.02994</u>	<u>0.1292</u>
Tax extensions:				
General	281,401	322,027	369,373	414,061
Bond and interest	<u>388,836</u>	<u>392,394</u>	<u>397,589</u>	<u>3,519,517</u>
Totals	<u>670,237</u>	<u>714,421</u>	<u>766,962</u>	<u>3,933,578</u>
Tax collections	<u>670,594</u>	<u>707,820</u>	<u>765,654</u>	<u>3,921,426</u>

KENDALL COUNTY FOREST PRESERV DISTRICT
 Schedule of Expenditures of Federal Awards
For the Year Ended November 30, 2008

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements- Expenditures</u>	<u>Major Program</u>
<u>U.S. Department of the Interior</u>				
Passed through Illinois Department of Natural Resources				
Fox River Acquisition	15.916	17-00963	\$ 232,000	*
Jay Woods Acquisition	15.916	LWCF 17-00960	750,000	*
Total			<u>\$ 982,000</u>	

KENDALL COUNTY FOREST PRESERVE DISTRICT

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended November 30, 2008

Note A: Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Kendall County Forest Preserve District of Kendall, Illinois and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in, or used in the preparation of, the basis financial statements.

Note B: Subrecipients

The Kendall County Forest Preserve District did not provide federal awards to subrecipients.

KENDALL COUNTY FOREST PRESERVE DISTRICT

Schedule of Findings and Questioned Costs
For the Year Ended November 30, 2008

A. SUMMARY OF AUDIT RESULTS

- 1.The Auditor's Report expresses an unqualified opinion on the primary government's financial statements of the Kendall County Forest Preserve District.
- 2.No reportable conditions relating to the audit of the general government's financial statements are reported in the Report on Compliance and on Internal Controls Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards.
- 3.No instances on noncompliance material to the general government's financial statements of the Kendall County Forest Preserve District were disclosed during the audit.
- 4.No reportable conditions relating to the audit of the major federal award programs is reported in the Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular a-133.
- 5.The Auditor's Report on Compliance for to the major federal award programs for the Kendall County Forest Preserve expresses an unqualified opinion.
- 6.Audit findings relative to the major federal award programs for the Kendall County Forest Preserve are reported in Part C of this Schedule.
- 7.The programs tested as major programs—US Department of the Interior, 15.916.
- 8.The threshold for distinguishing Type A and B programs was \$300,000.
- 9.The Kendall County Forest Preserve District was determined to be a high-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT

None.

ECHOLS, MACK & ASSOCIATES, P.C.

Certified Public Accountants

CARRIE E. ECHOLS, CPA

TAWNYA R. MACK, CPA

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

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

We have audited the financial statements of Kendall County Forest Preserve District as of and for the year ended November 30, 2008, and have issued our report thereon dated January 9, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by the entity's internal control.

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

Compliance and Other Matters

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

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

Echols, Mack & Associates, P.C.

Echols, Mack & Associates, P.C.
Certified Public Accountants

Morris, Illinois
January 9, 2009