

**KENDALL COUNTY FOREST
PRESERVE DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
NOVEMBER 30, 2010**

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CERTIFIED PUBLIC ACCOUNTANTS

KENDALL COUNTY FOREST PRESERVE DISTRICT

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INDEPENDENT AUDITORS' REPORT



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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, 2010, 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, 2010, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2011, 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. 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of the audit.

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.

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.

Mack & Associates, P.C.

Mack & Associates, P.C.
Certified Public Accountants

Morris, Illinois
January 4, 2011

KENDALL COUNTY FOREST PRESERVE DISTRICT

Management's Discussion and Analysis - Unaudited For the Year Ended November 30, 2010

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, 2010. 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 \$9,302,449 for the year. All of the decreases are attributed to the District's governmental activities, more specifically the Capital Projects Fund- Series 2007 had a net loss of \$9,309,695 due to project fund expenses.
- The District's General Fund ended the year with a balance of \$11,168 and the overall District ended the year with a balance of \$6,998,776.

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 For the Year Ended November 30, 2010

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 government-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 Government-Wide Statement of Net Assets and the Statement of Activities

Our financial analysis of the District as a whole begins on page 9. The financial statements are presented on pages 9 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 government-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 For the Year Ended November 30, 2010

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 Preserve's 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 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, 2010, the Forest Preserve had \$65.49 million invested in capital assets, net of depreciation. This represents a net increase of \$7,536,993 over last year. See notes for more detail.

Primary Government Capital Assets (Net of accumulated depreciation)

	2010	2009
Land	\$ 62,606,402	55,375,402
Improvements	2,587,710	2,245,167
Buildings and improvements	136,757	153,872
Furniture and equipment	154,675	174,110
Artifacts and antiques	-	-
TOTALS	<u>65,485,544</u>	<u>57,948,551</u>

KENDALL COUNTY FOREST PRESERVE DISTRICT

**Management’s Discussion and Analysis - Unaudited
For the Year Ended November 30, 2010**

This year’s most significant capital asset additions included:

Land	\$ 7,231,000
Improvements	\$ 348,500
Equipment	\$ 13,529

Long-Term Debt

At November 30, 2010, the Forest Preserve had \$49,237,000 in long-term debt compared to \$49,490,000, at November 30, 2009. See notes for more detail.

Primary Government Long-Term Debt

	<u>2010</u>	<u>2009</u>
General Obligation Bonds	\$ 49,237,000	49,490,000
TOTALS	<u>49,237,000</u>	<u>49,490,000</u>

General Fund Budgetary Highlights

The Board of Trustees did not amend the original budget during the year. For the year ended November 30, 2010, General Fund expenditures were \$817,879 and budgeted expenditures were \$781,054, making the General Fund over budget by \$36,825. The Capital Projects Fund – Series 2007, Capital Projects Fund – Series 2009, and the Project Revenue Fund did not have an adopted budget for the year ended November 30, 2010.

Economic Factors

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

Contacting District’s Financial Management

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

KENDALL COUNTY FOREST PRESERVE

**Management's Discussion and Analysis - Unaudited
For the Year Ended November 30, 2010**

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

	Governmental Activities		Totals Percentage Change
	2010	2009	2009-2010
<u>Assets</u>			
Current and other assets	\$ 12,082,018	20,890,731	-42.17%
Capital Assets	65,485,544	57,948,551	13.01%
Total assets	\$ 77,567,562	78,839,282	-1.61%
<u>Liabilities</u>			
Current liabilities			
Accounts Payable	\$ 338,240	17,468	1836.34%
Accrued Interest	1,018,347	1,122,004	-9.24%
Due to other funds	11,258	11,258	0.00%
Deferred Revenue	3,715,397	3,438,776	8.04%
Due within one year	265,000	253,000	4.74%
Long-term debt outstanding	48,972,000	49,237,000	-0.54%
Total liabilities	54,320,242	54,079,506	0.45%
<u>Net assets</u>			
Invested in capital assets, net of related debt	16,248,544	8,458,551	92.10%
Restricted	6,987,608	16,180,935	-56.82%
Unrestricted	11,168	120,290	-90.72%
Total net assets	\$ 23,247,320	24,759,776	-6.11%

KENDALL COUNTY FOREST PRESERVE

**Management's Discussion and Analysis - Unaudited
For the Year Ended November 30, 2010**

Changes in Net Assets--Modified Accrual Basis

For the year ended November 30, 2010, net assets of the District
(resulting from modified accrual basis transactions) changed as follows:

	Governmental Activities		Total Percentage Change
	2010	2009	2009-2010
Revenues			
Program revenues			
Fees and charges for services	\$ 40,380	61,710	-34.56%
Operating grants and contributions	59,400	-	0.00%
Capital grants	-	-	0.00%
General revenues			
Taxes	3,169,457	3,158,055	0.36%
Investment income	9,989	54,640	-81.72%
Donations	5	105,631	-100.00%
Project fund	215,841	115,376	87.08%
Intergovernmental revenue	-	-	0.00%
Bond Issuance Cost	-	(5,950)	-100.00%
Miscellaneous	5,349	1,010	429.60%
Total Revenues	<u>3,500,421</u>	<u>3,490,472</u>	<u>0.29%</u>
Expenses			
General government			
Cultural & Recreation	2,662,432	1,280,816	107.87%
Interest Expense	2,350,445	2,546,919	-7.71%
Total Expenses	<u>5,012,877</u>	<u>3,827,735</u>	<u>30.96%</u>
Excess (deficiency) before transfers	(1,512,456)	(337,263)	348.45%
Transfers	-	-	0.00%
Change in net assets	(1,512,456)	(337,263)	348.45%
Beginning net assets	<u>24,759,776</u>	<u>25,097,039</u>	<u>-1.34%</u>
Ending net assets	<u><u>23,247,320</u></u>	<u><u>24,759,776</u></u>	<u><u>-6.11%</u></u>

FINANCIAL STATEMENTS

Statement of Net Assets - Modified Accrual Basis
 Government-Wide Financial Statement
 November 30, 2010

	Primary Government		
	Governmental	Total	
	Activities	2010	2009
<u>Assets</u>			
Cash	\$ 8,336,621	8,336,621	17,451,955
Accounts Receivable	30,000	30,000	-
Taxes Receivable	3,715,397	3,715,397	3,438,776
Grant Receivable	-	-	-
Capital Assets			
Land	62,606,402	62,606,402	55,375,402
Improvements	3,474,136	3,474,136	2,957,886
Buildings	342,288	342,288	342,288
Equipment	426,460	426,460	409,252
Artifacts	30,280	30,280	30,280
Accumulated Depreciation	(1,394,022)	(1,394,022)	(1,166,557)
Total assets	<u>\$ 77,567,562</u>	<u>77,567,562</u>	<u>78,839,282</u>
<u>Liabilities</u>			
Current liabilities			
Accounts payable	\$ 338,240	338,240	17,468
Accrued interest	1,018,347	1,018,347	1,122,004
Due to other funds	11,258	11,258	11,258
Deferred revenue	3,715,397	3,715,397	3,438,776
Due within one year	265,000	265,000	253,000
Long-Term liabilities			
Due in more than one year	48,972,000	48,972,000	49,237,000
Total liabilities	<u>54,320,242</u>	<u>54,320,242</u>	<u>54,079,506</u>
<u>Net Assets</u>			
Invested in capital assets, net of related debt	16,248,544	16,248,544	8,458,551
Restricted for:			
Capital projects	5,547,626	5,547,626	14,834,617
Debt service	1,439,982	1,439,982	1,346,318
Unrestricted	11,168	11,168	120,290
Total net assets	<u>\$ 23,247,320</u>	<u>23,247,320</u>	<u>24,759,776</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 Financial Statement
 For the Year Ended November 30, 2010

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	2010	2009
Governmental activities:							
Cultural & Recreation	\$ 2,662,432	40,380	59,400	-	(2,562,652)	(2,562,652)	(1,219,106)
Unallocated Interest expense	2,350,445	-	-	-	(2,350,445)	(2,350,445)	(2,546,919)
Total governmental activities	5,012,877	40,380	59,400	-	(4,913,097)	(4,913,097)	(3,766,025)
Total government	\$ 5,012,877	40,380	59,400	-	(4,913,097)	(4,913,097)	(3,766,025)
General revenues							
Taxes:							
Property taxes					3,169,457	3,169,457	3,158,055
Intergovernmental revenue					-	-	-
Interest on investments					9,989	9,989	54,640
Donations					5	5	105,631
Project fund					215,841	215,841	115,376
Miscellaneous					5,349	5,349	1,010
Bond issuance costs					-	-	(5,950)
Transfers to(from)					-	-	-
Total general revenues					3,400,641	3,400,641	3,428,762
Change in net assets					(1,512,456)	(1,512,456)	(337,263)
Net assets at beginning of year					24,759,776	24,759,776	25,097,039
Net assets at end of year					23,247,320	23,247,320	24,759,776

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

Balance Sheet
Governmental Funds
November 30, 2010

Assets	General Fund	Debt Service:		Capital Projects:		Non-Major Governmental Funds	Total Governmental Funds	
		Bond and Interest Series 2007	Bond and Interest Series 2003	Capital Projects Series 2007	Capital Projects Series 2009		2010	2009
Cash	\$ 29,866	2,096,225	295,568	5,653,501	169,925	91,536	8,336,621	17,451,955
Accounts Receivable	-	-	-	30,000	-	-	30,000	-
Property taxes receivable	484,142	2,800,000	362,885	-	-	68,370	3,715,397	3,438,776
Grant Receivable	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Total Assets	\$ 514,008	4,896,225	658,453	5,683,501	169,925	159,906	12,082,018	20,890,731
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$ 7,440	-	-	330,800	-	-	338,240	17,468
Accrued interest	-	953,073	62,098	-	-	3,176	1,018,347	1,122,004
Due to other funds	11,258	-	-	-	-	-	11,258	11,258
Deferred revenue	484,142	2,800,000	362,885	-	-	68,370	3,715,397	3,438,776
Total liabilities	502,840	3,753,073	424,983	330,800	-	71,546	5,083,242	4,589,506
Fund Balances:								
Reserved for								
Debt service funds	-	1,143,152	233,470	-	-	63,360	1,439,982	1,346,318
Capital project funds	-	-	-	5,352,701	169,925	25,000	5,547,626	14,834,617
Unreserved, reported in								
General funds	11,168	-	-	-	-	-	11,168	120,290
Total Fund Balances	11,168	1,143,152	233,470	5,352,701	169,925	88,360	6,998,776	16,301,225
Total Liabilities and Fund Balances	\$ 514,008	4,896,225	658,453	5,683,501	169,925	159,906		

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 \$66,879,567 (net of accumulated depreciation of \$1,394,022) are not financial resources and, therefore, are not reported in the funds.

65,485,544 57,948,551

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

(49,237,000) (49,490,000)

Net assets of governmental activities

23,247,320 24,759,776

Statement of Revenues, Expenditures, and Changes in Fund Balances-
 Governmental Funds
 For the Year Ended November 30, 2010

	General Fund	Debt Service:		Capital Projects:		Non-Major Governmental Funds	Total Governmental Funds	
		Bond and Interest Series 2007	Bond and Interest Series 2003	Capital Projects Series 2007	Capital Projects Series 2009		2010	2009
<u>Revenues</u>								
Property Taxes	\$ 465,397	2,284,931	351,528	-	-	67,601	3,169,457	3,158,055
Grant income	59,400	-	-	-	-	-	59,400	-
Fees and charges for services	31,562	-	-	-	-	-	31,562	20,260
Investment income	46	2,046	220	7,395	248	34	9,989	54,640
Rental income	8,818	-	-	-	-	-	8,818	41,450
Project fund	138,180	-	-	51,661	1,000	25,000	215,841	115,376
Donations	5	-	-	-	-	-	5	105,631
Miscellaneous	5,349	-	-	-	-	-	5,349	1,010
Total Revenues	708,757	2,286,977	351,748	59,056	1,248	92,635	3,500,421	3,496,422
<u>Expenditures</u>								
Current								
Cultural and Recreational	817,879	-	-	2,137,751	12,795	-	2,968,425	1,221,503
Capital outlay	-	-	-	7,231,000	-	-	7,231,000	2,981,008
Debt service								
Interest expense	-	2,192,068	150,000	-	-	8,377	2,350,445	2,546,919
Principal	-	-	195,000	-	-	58,000	253,000	245,000
Total Expenditures	817,879	2,192,068	345,000	9,368,751	12,795	66,377	12,802,870	6,994,430
Excess (deficiency) of revenues over expenditures	(109,122)	94,909	6,748	(9,309,695)	(11,547)	26,258	(9,302,449)	(3,498,008)
<u>Other Financing Sources (Uses):</u>								
Bond proceeds	-	-	-	-	-	-	-	300,000
Bond issuance costs	-	-	-	-	-	-	-	(5,950)
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	294,050
Net change in fund balances	(109,122)	94,909	6,748	(9,309,695)	(11,547)	26,258	(9,302,449)	(3,203,958)
Fund balances - beginning	120,290	1,048,243	226,722	14,662,396	172,221	71,353	16,301,225	19,505,183
Prior Period Adjustment	-	-	-	-	9,251	(9,251)	-	-
Fund balances - ending	\$ 11,168	1,143,152	233,470	5,352,701	169,925	88,360	6,998,776	16,301,225

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

KENDALL COUNTY FOREST PRESERVE
Statement of Revenues, Expenditures, and Changes in Fund Balances-
Governmental Funds
For the Year Ended November 30, 2010

(Continued)

Reconciliation to the Statement of Activities:

Net Change in Fund Balances - total governmental funds	\$	(9,302,449)
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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		253,000
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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		-
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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		7,774,458
Capital asset dispositions		(10,000)
Depreciation		(227,465)

Change in net assets of governmental activities (Statement B)	\$	<u>(1,512,456)</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 For the Year Ended November 30, 2010

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.

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 For the Year Ended November 30, 2010

Note 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation - (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 funds that are reported as major funds:

- Capital Projects Fund - Series 2007
- Capital Projects Fund - Series 2009
- Capital Projects Fund - Series 2003

KENDALL COUNTY FOREST PRESERVE DISTRICT

Notes to Financial Statements For the Year Ended November 30, 2010

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 For the Year Ended November 30, 2010

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 \$5,000 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 For the Year Ended November 30, 2010

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
For the Year Ended November 30, 2010**

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 November 30, 2009 and were not amended. The General Fund was over budget by \$36,825. A budget was not adopted for the Capital Projects Funds- Series 2007, Capital Projects Funds- Series 2009, and the Project Fund.

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, 2010, the carrying amount of the District's deposits was \$8,336,432 and the bank balance was \$8,336,621. 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	8,086,432	8,086,621
Category #3	<u>250,000</u>	<u>250,000</u>
Total	<u>\$ 8,336,432</u>	<u>8,336,621</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
For the Year Ended November 30, 2010**

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 2003	\$ 233,470
Bond and Interest Fund - Series 2007	1,143,152
Bond and Interest Fund - Series 2009	<u>63,360</u>
Total	<u>\$ 1,439,982</u>
Capital Project Funds:	
Capital Projects Fund - Series 2007	\$ 5,352,701
Capital Projects Fund - Series 2009	169,925
Project Revenue Fund	<u>25,000</u>
Total	<u>\$ 5,547,626</u>

Note 4: Expenditures Exceeded Appropriations

The General Fund was over budget for the current fiscal year by \$36,825. During the current fiscal year there was not a budget adopted for the Capital Projects Fund – Series 2007, Capital Projects Fund – Series 2009, and the Project Revenue Fund.

Note 5: Legal Debt Margin

Legal debt margin is the percent of the District's assessed valuation which is subject to debt limitation. The statutory debt limitation for the District is 2.3%. The District's legal debt margin limitation is as follows for the fiscal year ended November 30, 2010:

Assessed valuation (2009)	<u>\$ 3,369,658,050</u>
Statutory debt limitation (2.3%)	\$ 96,877,669
Amount of debt applicable to debt limitation	<u>49,237,000</u>
Legal Debt Margin	<u>\$ 47,640,669</u>

KENDALL COUNTY FOREST PRESERVE DISTRICT

**Notes to Financial Statements
For the Year Ended November 30, 2010**

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:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Non-depreciable assets				
Land	\$55,375,402	7,231,000	-	62,606,402
Total non-depreciable assets	55,375,402	7,231,000	-	62,606,402
Depreciable assets				
Improvements	2,957,886	516,250	-	3,474,136
Buildings	342,288	-	-	342,288
Equipment	409,252	27,208	10,000	426,460
Artifacts and antiques	30,280	-	-	30,280
Total depreciable assets	3,739,706	543,458	10,000	4,273,164
Accumulated depreciation				
Improvements	712,719	173,707	-	886,426
Buildings	188,416	17,114	-	205,530
Equipment	235,142	46,644	10,000	271,786
Artifacts and antiques	30,280	-	-	30,280
Total accumulated depreciation	<u>1,166,557</u>	<u>237,465</u>	<u>10,000</u>	<u>1,394,022</u>
Net fixed assets	<u>\$57,948,551</u>	<u>7,536,993</u>	<u>-</u>	<u>65,485,544</u>

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

KENDALL COUNTY FOREST PRESERVE DISTRICT

**Notes to Financial Statements
For the Year Ended November 30, 2010**

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, 2010.

	<u>Payable at December 1, 2009</u>	<u>Debt Issued</u>	<u>Bonds Retired/Refunded</u>	<u>Payable at November 30, 2010</u>	<u>Due Within One Year</u>
General Obligation					
Series 2003	4,190,000	-	195,000	3,995,000	205,000
Series 2007	45,000,000	-	-	45,000,000	-
Series 2009	300,000	-	58,000	242,000	60,000
Total	\$ 49,490,000	-	253,000	49,237,000	265,000

A. Bond Series 2003

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

The bonds shall mature each year as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
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>\$3,995,000</u>	<u>1,151,464</u>	<u>5,146,464</u>

KENDALL COUNTY FOREST PRESERVE DISTRICT

Notes to Financial Statements For the Year Ended November 30, 2010

Note 7: Long-Term Debt (Continued)

B. 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.

The bonds shall mature each year as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
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>29,179,875</u>	<u>74,179,875</u>

KENDALL COUNTY FOREST PRESERVE DISTRICT

**Notes to Financial Statements
For the Year Ended November 30, 2010**

Note 7: Long-Term Debt (Continued)

C. Bond Series 2009

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

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
1/15/2011	60,000	4,235	64,235
7/15/2011	-	3,185	3,185
1/15/2012	62,000	3,185	65,185
7/15/2012	-	2,100	2,100
1/15/2013	64,000	2,100	66,100
7/15/2013	-	980	980
1/15/2014	56,000	980	56,980
	<u>242,000</u>	<u>16,765</u>	<u>258,765</u>

Note 8: Transfers

There were no transfers made during the fiscal year.

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 2009 property tax levy ordinance was adopted on December 4, 2009. The amount of the 2009 tax levy was \$3,438,776, of which \$3,169,457 was received in the current fiscal year. The 2010 tax levy was adopted November 29th, 2010 in the amount of \$3,715,397 will be received in subsequent tax year. A significant amount of these taxes are received in June and September.

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

KENDALL COUNTY FOREST PRESERVE DISTRICT

Notes to Financial Statements For the Year Ended November 30, 2010

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.

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 2009 was 9.09% 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 23 years.

For December 31, 2009, the County's annual pension cost of \$874,696 was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2007 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% 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.

As of December 31, 2009, the most recent actuarial valuation date, the Regular plan was 73.73 percent funded. The actuarial accrued liability for benefits was \$19,880,318 and the actuarial value of assets was \$14,657,959, resulting in an underfunded actuarial accrued liability (UAAL) of \$5,222,359. The covered payroll (annual payroll of active employees covered by the plan) was \$9,622,618 and the ratio of UAAL to the covered payroll was 54 percent. In conjunction with the December 2009 actuarial valuation the market value of investments over a five – year period with a 20% corridor between the actuarial and market value of assets. In 2010, the unfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 30 year basis.

KENDALL COUNTY FOREST PRESERVE DISTRICT

Notes to Financial Statements For the Year Ended November 30, 2010

Note 10: Employee Pensions and Other Benefits (Continued)

A. *Illinois Municipal Retirement Fund (Continued)*

Actuarial Valuation Date	TREND INFORMATION		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/09	\$874,696	100	\$0
12/31/08	843,248	100	0
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

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

B. *Accumulated Unpaid Vacations and Other Employee Benefits*

Accumulated unpaid vacation and other employee benefits are not accrued in governmental funds. As of November 30, 2010, 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

KENDALL COUNTY FOREST PRESERVE DISTRICT

Notes to Financial Statements For the Year Ended November 30, 2010

Note 11: Risk Management (Continued)

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.

Note 13: Subsequent Events

The Forest Preserve currently has been awarded the following grants and has expended the grant money. However, these grant dollars are yet to be received.

Jay Woods FP Development \$369,000
Fox River Acquisition, Lee Property \$750,000
Waish Kee Shaw Acquisition \$750,000
Hoover FP Development \$400,000

The Preserve was awarded the Floodplain Restoration ARRA grant but did not receive the money before the end of the fiscal year. This money will be accounted for in next fiscal year.

**KENDALL COUNTY FOREST PRESERVE DISTRICT
GENERAL FUND**

SCHEDULE A-1

**Balance Sheet
November 30, 2010**

<u>Assets</u>	
Cash in bank	\$ 29,866
Property tax receivable	<u>484,142</u>
Total assets	<u>\$ 514,008</u>
 <u>Liabilities and Fund Balance</u> 	
Liabilities:	
Accounts payable	\$ 7,440
Deferred property tax revenue	484,142
Due to County General Fund	<u>11,258</u>
Total liabilities	502,840
Fund Balance:	
Unreserved fund balance	<u>11,168</u>
Total fund balance	<u>11,168</u>
Total liabilities and fund balance	<u>\$ 514,008</u>

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

**KENDALL COUNTY FOREST PRESERVE DISTRICT
GENERAL FUND**

SCHEDULE A-2

**Statement of Revenues, Expenditures, and
Changes in Fund Balance
For the Year Ended November 30, 2010
(With Comparative Figures for 2009)**

	Original & Final Budget	Year Ended <u>November 30,</u>	
		2010	2009
Revenues:			
Property taxes	466,271	465,397	457,691
Interest income	1,500	46	706
Grant income	-	59,400	-
Program fees	18,000	25,858	13,896
Court House rental	5,000	8,818	41,450
Reservations	6,500	5,704	6,364
Law enforcement	-	5	506
Donations	-	-	105,125
Farm License Revenue	78,600	96,675	79,205
Hoover Revenue	50,000	15,278	9,416
Ellis Center Revenue	100,000	26,227	5,030
Other income	59,400	5,349	1,010
Total revenue	785,271	708,757	720,399
Expenditures:			
Salaries	421,782	410,297	369,515
IMRF/SS	19,770	89,713	67,424
Equipment and building - maintenance and repairs	8,000	9,722	7,317
Gas for heating	2,000	2,197	1,547
Electricity	2,000	2,515	1,760
Insurance	16,500	16,500	13,395
Telephone	5,500	8,084	5,351
Supplies & postage	5,500	6,056	4,568
Fuel	12,500	15,204	11,792
Dues & Subscriptions	1,000	1,099	960
Audit	3,150	3,150	3,150
Refuse removal	7,800	9,013	8,088
Capital outlay	-	-	20,650
Contingency	1,000	466	-
Contractual services	-	113	10,748
Environmental education	22,000	22,031	20,806
Supplies shop	8,250	4,433	7,850
Uniforms	-	65	-
Natural area mgmt supplies	3,000	973	1,737

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

**KENDALL COUNTY FOREST PRESERVE DISTRICT
GENERAL FUND**

**SCHEDULE A-2
(CONTINUED)**

**Statement of Revenues, Expenditures, and
Changes in Fund Balance
For the Year Ended November 30, 2010
(With Comparative Figures for 2009)**

	Original & Final Budget	Year Ended November 30,	
		2010	2009
Expenditures: (Cont.)			
Medical insurance reimb	45,750	34,624	36,894
Medical insurance reimb- Ellis	12,200	7,363	5,128
Contractual recorder	1,050	1,006	411
Volunteer expenses	1,500	1,488	874
NHC - Salaries	71,477	71,477	49,982
NHC expenses	400	111	-
NHC contingency	400	165	-
Conferences	2,000	2,003	2,041
Legal publications	500	135	379
Prairie Exhibit Expense	-	1,302	-
Promotion and publicity	8,500	7,981	6,133
John Phillips Memorial	-	594	-
Contributions	-	-	1,610
Preserve improvement	5,000	1,593	4,232
Preserve improvement-grant	-	-	5,953
Hoover Utilities and Maintenance	41,700	35,609	32,056
Ellis Utilities and Maintenance	11,600	25,185	26,941
Memberships- Ellis	450	215	250
Supplies- Ellis	8,875	16,950	18,476
Uniforms- Ellis	800	456	1,460
Veterinarian & farrier- Ellis	20,150	4,246	3,714
Volunteer expenses- Ellis	300	308	267
Horse Acquisition & Track- Ellis	1,850	(66)	23,708
Other- Ellis	1,650	2,301	437
Credit card fee	-	972	684
Law enforcement	150	-	-
Court house	5,000	230	271
Total expenditures	781,054	817,879	778,559
Excess of revenues over (under) expenditures	4,217	(109,122)	(58,160)
Other financing sources (uses)			
Transfers	(63,900)	-	-
Total other financing sources (uses)	(63,900)	-	-
Net Change in Fund Balance	\$ (59,683)	(109,122)	(58,160)
Fund balance, beginning of year		120,290	178,450
Fund balance, end of year		11,168	120,290

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

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

**Balance Sheet
November 30, 2010**

Assets

Cash in bank	\$	2,096,225
Property taxes receivable		2,800,000
Total assets	\$	4,896,225

Liabilities and Fund Balance

Liabilities		
Deferred property tax revenue	\$	2,800,000
Accrued Interest		953,073
Total Liabilities		3,753,073
Fund balance		1,143,152
Total liabilities and fund balance	\$	4,896,225

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

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

**Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended November 30, 2010
(With Comparative Figures for 2009)**

	Original & Final Budget	Year Ended November 30,	
		2010	2009
Revenues:			
Property Tax	\$ 2,550,000	2,284,931	2,281,808
Interest income	-	2,046	10,579
Total revenue	<u>2,550,000</u>	<u>2,286,977</u>	<u>2,292,387</u>
Expenditures:			
Interest	2,287,375	2,192,068	2,382,683
Capital projects	-	-	-
Total expenditures	<u>2,287,375</u>	<u>2,192,068</u>	<u>2,382,683</u>
Excess of revenues over (under) expenditures	<u>\$ 262,625</u>	94,909	(90,296)
Other financing sources (uses)			
Transfer in		-	-
Net change in fund balance		94,909	(90,296)
Fund balance, beginning of year		<u>1,048,243</u>	<u>1,138,539</u>
Fund balance, end of year		<u>1,143,152</u>	<u>1,048,243</u>

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

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

SCHEDULE B-3

**Balance Sheet
November 30, 2010**

		<u>Assets</u>	
Cash in bank		\$	295,568
Property taxes receivable			<u>362,885</u>
Total assets		\$	<u><u>658,453</u></u>
		<u>Liabilities and Fund Balance</u>	
Liabilities			
Accrued interest		\$	62,098
Deferred property tax revenue			<u>362,885</u>
Total liabilities			424,983
Fund balance			
Reserve for debt service			<u>233,470</u>
Total liabilities and fund balance		\$	<u><u>658,453</u></u>

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

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

**Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended November 30, 2010
(With Comparative Figures for 2009)**

	Original & Final Budget	Year Ended November 30,	
		2010	2009
Revenues:			
Property taxes	\$ 354,035	351,528	351,047
Interest income	-	220	715
Total revenue	<u>354,035</u>	<u>351,748</u>	<u>351,762</u>
Expenditures:			
Debt service - principal	195,000	195,000	180,000
Debt service - interest	<u>151,765</u>	<u>150,000</u>	<u>154,869</u>
Total expenditures	<u>346,765</u>	<u>345,000</u>	<u>334,869</u>
Excess of revenues over (under) expenditures	<u>\$ 7,270</u>	6,748	16,893
Fund balance, beginning of year		<u>226,722</u>	<u>209,829</u>
Fund balance, end of year		<u>233,470</u>	<u>226,722</u>

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

**KENDALL COUNTY FOREST PRESERVE DISTRICT
CAPITAL PROJECTS FUND - SERIES 2007**

**Balance Sheet
November 30, 2010**

Assets

Cash in bank	\$	5,653,501
Accounts Receivable		30,000
Total assets	\$	5,683,501

Liabilities and Fund Balance

Liabilities		
Accounts payable	\$	330,800
Total liabilities		330,800
Fund balance		5,352,701
Total liabilities and fund balance	\$	5,683,501

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

**KENDALL COUNTY FOREST PRESERVE DISTRICT
CAPITAL PROJECTS FUND - SERIES 2007**

**Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended November 30, 2010
(With Comparative Figures for 2009)**

	Original & Final Budget	Year Ended November 30,	
		2010	2009
Revenues:			
Project fund revenue	\$ -	51,661	21,725
Grant revenue	-	-	-
Interest income	-	7,395	41,563
Total revenue	-	59,056	63,288
Expenditures:			
Salaries	-	5,278	-
Land acquisition	-	7,231,000	985,000
Capital outlay	-	-	1,975,358
Project fund expense	-	2,132,473	350,085
Total expenditures	-	9,368,751	3,310,443
Excess of revenues over (under) expenditures	-	(9,309,695)	(3,247,155)
Other financing sources (uses)			
Bond proceeds	-	-	-
Transfer in (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balance	\$ -	(9,309,695)	(3,247,155)
Fund balance, beginning of year		14,662,396	17,909,551
Fund balance, end of year		5,352,701	14,662,396

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

**KENDALL COUNTY FOREST PRESERVE DISTRICT
CAPITAL PROJECTS FUND - SERIES 2009**

SCHEDULE C-3

**Balance Sheet
November 30, 2010**

<u>Assets</u>	
Cash in bank	\$ 169,925
Total assets	<u>\$ 169,925</u>
 <u>Fund Balance</u>	
Fund Balance:	
Reserve for capital projects	<u>169,925</u>
Total liabilities and fund balance	<u>\$ 169,925</u>

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

**KENDALL COUNTY FOREST PRESERVE DISTRICT
CAPITAL PROJECTS FUND - SERIES 2009**

SCHEDULE C-4

**Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended November 30, 2010
(With Comparative Figures for 2009)**

	Original & Final Budget	Year Ended November 30,	
		2010	2009
Revenues:			
Project fund deposit	\$ -	1,000	-
Interest income	-	248	931
Total revenue	-	1,248	931
Expenditures:			
Project fund expenses	-	12,795	113,509
Interest expense	-	-	9,251
Bond issuance costs	-	-	5,950
Total expenditures	-	12,795	128,710
Excess of revenues over (under) expenditures	\$ -	(11,547)	(127,779)
Other financing sources (uses)			
Transfer out		-	-
Bond Proceeds		-	300,000
Net change in fund balance		(11,547)	172,221
Fund balance, beginning of year		172,221	-
Prior Period Adjustment		9,251	-
Fund balance, end of year		169,925	172,221

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

**KENDALL COUNTY FOREST PRESERVE DISTRICT
NON-MAJOR GOVERNMENTAL FUNDS**

SCHEDULE D-1

**Combining Balance Sheet
November 30, 2010**

	<u>Debt Service</u>		<u>Total</u>	
	<u>Project</u> <u>Fund</u>	<u>Bond and</u> <u>Interest</u> <u>Series 2009</u>	<u>Non-Major</u> <u>Governmental Funds</u> <u>2010</u>	<u>2009</u>
<u>Assets</u>				
Cash in bank	\$ 25,000	66,536	91,536	71,353
Property taxes receivable	-	68,370	68,370	68,470
Total assets	25,000	134,906	159,906	139,823
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accrued interest	\$ -	3,176	3,176	-
Deferred property tax revenue	-	68,370	68,370	68,470
Total liabilities	-	71,546	71,546	68,470
Fund balance:				
Reserve for debt service	-	63,360	63,360	71,353
Reserve for capital projects	25,000	-	25,000	-
Total fund balance	25,000	63,360	88,360	71,353
Total liabilities and fund balance	\$ 25,000	134,906	159,906	139,823

**KENDALL COUNTY FOREST PRESERVE DISTRICT
NON-MAJOR GOVERNMENTAL FUNDS**

SCHEDULE D-2

**Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended November 30, 2010
(With Comparative Figures for 2009)**

	Debt Service		Total	2009
	Project Fund	Bond and Interest Series 2009	Non-Major Governmental Funds 2010	
Revenues:				
Property taxes	\$ -	67,601	67,601	67,509
Project receipts	25,000		25,000	
Interest income	-	34	34	146
Total revenue	25,000	67,635	92,635	67,655
Expenditures:				
Fees	-	125	125	-
Principal	-	58,000	58,000	65,000
Interest	-	8,252	8,252	116
Total expenditures	-	66,377	66,377	65,116
Excess of revenues over (under) expenditures	25,000	1,258	26,258	2,539
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balance	25,000	1,258	26,258	2,539
Fund balance, beginning of year	-	71,353	71,353	68,814
Prior Period Adjustment	-	(9,251)	(9,251)	-
Fund balance, end of year	\$ 25,000	63,360	88,360	71,353

**KENDALL COUNTY FOREST PRESERVE DISTRICT
PROJECT FUND**

SCHEDULE D-3

**Balance Sheet
November 30, 2010**

Assets

Cash in bank	\$	<u>25,000</u>
Total assets	\$	<u><u>25,000</u></u>

Fund Balance

Fund Balance:		<u>25,000</u>
Total fund balance	\$	<u><u>25,000</u></u>

**KENDALL COUNTY FOREST PRESERVE DISTRICT
PROJECT FUND**

SCHEDULE D-4

**Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended November 30, 2010
(With Comparative Figures for 2009)**

	Original & Final Budget	Year Ended November 30,	
		2010	2009
Revenues:			
Receipts	-	25,000	-
Interest income	-	-	235
Total revenue	-	25,000	235
Expenditures	-	-	-
Total expenditures	-	-	-
Excess of revenues over (under) expenditures	<u>\$ -</u>	25,000	235
Other financing sources (uses)			
Transfer in (out)	-	-	(33,472)
Total other financing sources (uses)	-	-	(33,472)
Fund balance, beginning of year		-	33,237
Fund balance, end of year		<u>25,000</u>	<u>-</u>

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

SCHEDULE D-5

**Balance Sheet
November 30, 2010**

<u>Assets</u>	
Cash in bank	\$ 66,536
Property tax receivable	<u>68,370</u>
Total assets	<u>\$ 134,906</u>
 <u>Liabilities and Fund Balance</u>	
Liabilities:	
Accrued interest	\$ 3,176
Deferred property tax revenue	<u>68,370</u>
Total liabilities	71,546
Fund Balance:	
Reserve for debt service	<u>63,360</u>
Total liabilities and fund balance	<u>\$ 134,906</u>

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

SCHEDULE D-6

**Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended November 30, 2010
(With Comparative Figures for 2009)**

	Original & Final Budget	Year Ended November 30,	
		2010	2009
Revenues:			
Property tax	\$ 68,470	67,601	67,509
Interest income	-	34	62
Total revenue	68,470	67,635	67,571
Expenditures:			
Fees	-	125	-
Debt Service - Interest	14,327	8,252	-
Debt Service - Principal	58,000	58,000	-
Total expenditures	72,327	66,377	-
Excess of revenues over (under) expenditures	(3,857)	1,258	67,571
Other financing sources (uses)			
Transfer to Capital Projects 2007	-	-	-
Transfer from Debt Service 2001	-	-	3,782
Total other financing sources (uses)	-	-	3,782
Net change in fund balance	\$ (3,857)	1,258	71,353
Fund balance, beginning of year		71,353	-
Prior Period Adjustment		(9,251)	-
Fund balance, end of year		63,360	71,353

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))
12/31/2009	14,657,959	19,880,318	5,222,359	73.73%	9,622,618	54.27%
12/31/2008	13,960,740	18,180,460	4,219,720	76.79%	8,951,676	47.14%
12/31/2007	15,000,035	16,048,726	1,048,691	93.47%	8,312,265	12.62%
12/31/2006	13,288,021	14,613,167	1,325,146	90.93%	7,474,569	17.73%
12/31/2005	11,980,541	12,904,896	924,355	92.84%	6,699,197	13.80%
12/31/2004	11,252,734	12,594,920	1,342,186	89.34%	6,469,086	20.75%
12/31/2003	10,352,748	11,129,363	776,615	93.02%	5,804,593	13.38%
12/31/2002	9,818,254	9,986,416	168,162	98.32%	5,301,753	3.17%
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%

On a market value basis, the actuarial value of assets as of December 31, 2009 is \$14,212,187. On a market basis, the funded ration would be 71.49%.

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

SCHEDULE 1

	2007	2008	2009
Assessed valuations	\$ 3,044,564,911	3,282,167,380	3,369,658,050
Tax rates:			
General	0.0136	0.0140	0.0139
Bond and interest	0.1156	0.0826	0.0805
Totals	0.1292	0.0966	0.0944
Tax extensions:			
General	414,061	458,855	466,406
Bond and interest	3,519,517	2,707,248	2,709,936
Totals	3,933,578	3,166,103	3,176,342
Tax collections	\$ 3,921,426	3,158,055	3,169,457



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

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

We have audited the financial statements of Kendall County Forest Preserve District as of and for the year ended November 30, 2010, and have issued our report thereon dated January 4, 2011. 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 prevented 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.

Mack & Associates, P.C.

Mack & Associates, P.C.
Certified Public Accountants

Morris, Illinois
January 4, 2011